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School District 72 (Campbell River)

Financial Statement Discussion and Analysis

For the year ended June 30, 2026

Overview of the School District

School District 72 serves 5,700 students in a large geographic area on mid-Vancouver Island. It provides services to students through 13 elementary schools, 2 middle schools, 2 high schools, 1 alternate program, a distance learning program and an international program.

Over 400 teachers, 300 support staff and 50 administrative staff work to provide services to our students.

The board completed a new strategic plan in 2024. The strategic plan has three goals:

- Honour Indigenous worldviews and perspectives
- Student-centred learning environments
- Evolving for tomorrow

Our goals are a high-level guide to schools, departments and leaders in creating objectives and focusing resources that align with our vision.

92% of the school district’s revenue comes from the Ministry of Education and Child Care (MOECC), including the recognition of deferred capital revenue. The level of funding is based on enrollment and unique needs for our geographic region. Other revenue includes local education agreements, tuition, school generated funds, leases, investment income and miscellaneous revenue.

91% of operating expenses are salary and benefit related. The balance of expenses are related to supplies, contracted services, utilities and other operating costs.

Financial Summary

2025/26 was a financial turnaround from the trends we have experienced for the last five fiscal years. The COVID era included larger than budgeted increases in sick use and salary costs, followed by years of larger than average inflationary costs. Over the last two-year cost escalation in benefit use and benefit inflation have outpaced the budget. In those years, when wage account matched the budget and benefits were substantially higher, it created an unplanned deficit that eroded the board's cash reserves. An increased focus on the budget includes ensuring planned budgets are reflective of actual costs in the future as well as cost control for discretionary budgets. We are seeing the positive impact of that focus on budgeting and organization commitment to cost control.

Another positive financial report is that our cash reserves are beginning to rebuild. SD72 had two projects that required substantial expenses with delayed reimbursement. SD72 held about $6.200,000 in Carihi fire related costs before we received $2,000,000 of the funds. Child Care phase one delayed another $2,000,000 well beyond the expenditure of funds. Both amounts were paid to SD72 by the end of the 2026 fiscal year.

Financial Highlights

The district finished the year with a consolidated surplus of $933,026, compared with a budgeted deficit of ($470,535). Accumulated surplus increased from $6,555,318 to $7,488,344, an improvement of $933,026.

- **Consolidated results improved from a prior year deficit of ($1,896,231) to a surplus of $933,026.**
- **Operating reserves were replenished by $960,040 after transfers, compared with a prior year draw of ($1,359,365).**
- **Operating surplus ended at $2,223,106, with $1,190,242 internally restricted and $1,032,864 emergency contingency.**

Reserves

Description	Budget	Actual	Difference
Revenue	94,164,752	95,995,961	1,831,209
Expenses	94,635,287	95,062,935	427,648
Surplus (Deficit)	**(470,535)**	**933,026**	**1,403,561**

The overall accumulated surplus increase was impacted by the $960,040 increase in operating accounts and the capital surplus decrease of ($27,014).

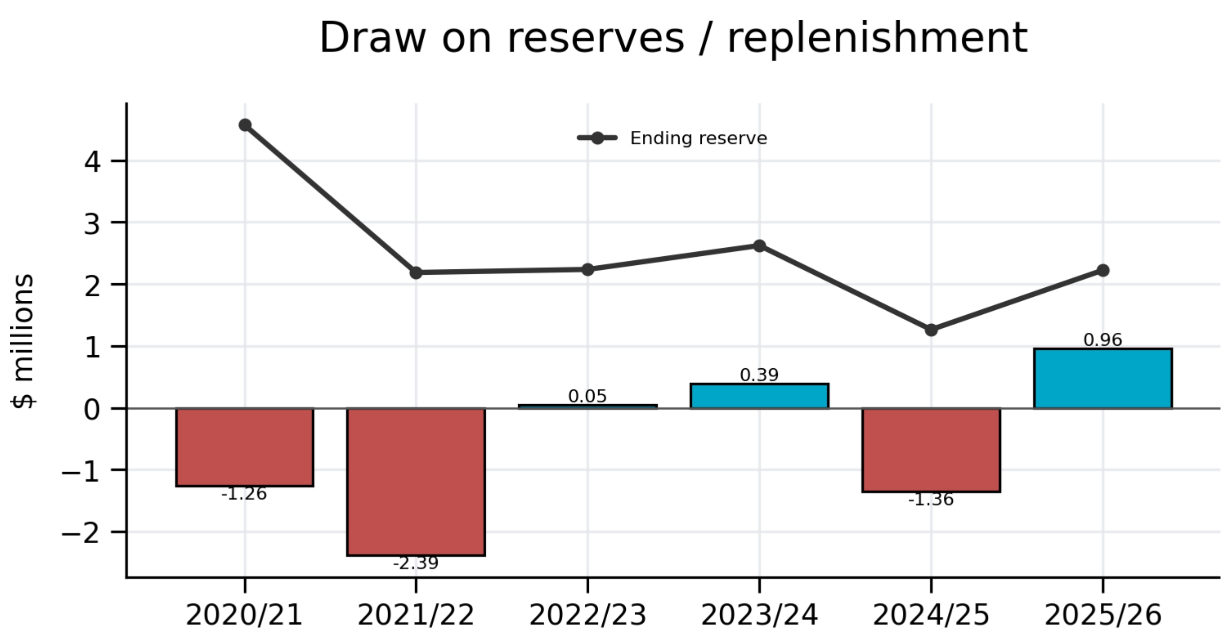
Description	25/26	24/25	Difference
Accumulated Surplus - Capital	5,265,238	5,292,252	(27,014)
Accumulated Surplus - Operations	2,223,106	1,263,066	960,040
Total Accumulated Surplus	**7,488,344**	**6,555,318**	**933,026**

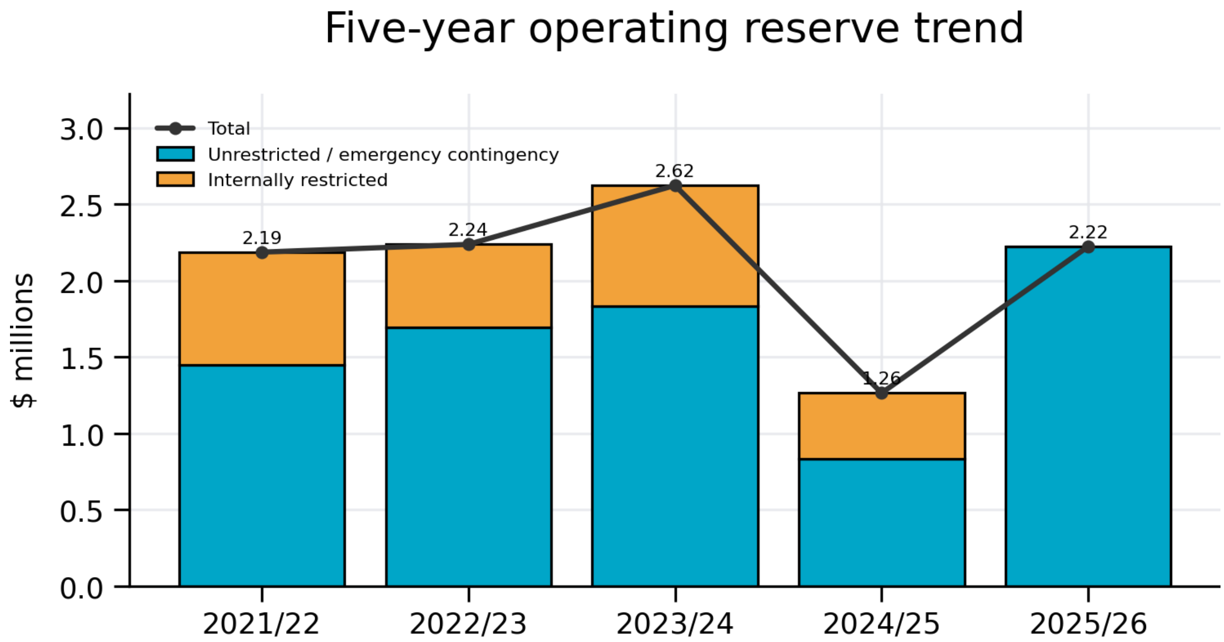
Our combined operating surplus increased from $1,263,066 to $2,223,106. $1,190,242 is internally restricted for specific purposes, and $1,032,864 is available in emergency contingency. SD72's operating surplus is the district's safety net for unexpected cost overruns. The district continues an emphasis on following the board's governance

Accumulated Surplus policy, limiting the use of restrictions for ongoing programs and referring new spending requests based on feedback from the budget process.

Below is the historical use of our reserves, updated to include 2025/26.

Draw on Reserves 20/21 to 25/26						
(Thousands ($'000)	20/21 Actual	21/22 Actual	22/23 Actual	23/24 Actual	24/25 Actual	25/26 Actual
Accumulated Surplus (Deficit), Beginning of Year	$5,833	$4,573	$2,186	$2,236	$2,622	1,263
Additional use of Prior Year Appropriated Surplus	($1,260)	($2,387)	$50	$386	(1,359)	960
Accumulated Surplus (Deficit), End of Year	**$4,573**	**$2,186**	**$2,236**	**$2,622**	**1,263**	**2,223**





The net operating reserves increased by $960,000 in 2025/26. Accounting for the unspent MOECC targeted funds of Indigenous Education and Indigenous Education Council of $ 240,000, leaves $750,000 of reserves. The reserve proposal for 2025/26 includes an emergent need funding for the future replacement of the district enterprise resource system that is time for replacement in the amount of an additional $450,000. The reserves reflect an increase in targeted items of $760,054 and an increase of $199,986 in emergency contingency.

Operating Accounts

When we look at our operating budget and separate the spending of restricted reserve purchases from the annual operating accounts, we finished with a $960,000 underspend in operating plus we did not use $247,458 of planned reserves.

Operating revenue increased by $1,770,264 from 2024/25. Operating expenses changed by ($993,102) from 2024/25. The combined result increased operating surplus from $1,263,066 to $2,223,106.

Operating revenue changes included MOECC operating grants increasing by $2,086,764, tuition increasing by $84,728, investment income decreasing by ($127,834), and rentals and leases decreasing by ($117,773).

Labour Settlement Impact on Schedule 2 and 3 Comparatives

Looking at the summary of operating income statement, it is important to note that teacher, PVP, other professionals and employee benefits are higher than the budget due to the labour settlement costs and the timing of the funding. On the expense side, the wage increases were not included in budget because agreements had not been settled. Upon settlement in April, the MOECC confirmed full retroactive wage increases to teachers and exempt staff. This increase was not budgeted but was reported in the costs. The MOECC also provided the corresponding funding for the wage increases which was recorded in revenues but not the budget. This year it is difficult to use year expenses to budget comparison because of this.

Special Purpose Fund

Our special purpose funds are funds held by the district for a specific purpose. They are provided by third parties with a directive on the use of funds. Due to this restriction, they are held in a special fund where they can be reported on a supporting schedule, separately from the operating accounts.

In 2025/26 our Special Purpose Fund provided programs and services in the amount of $11,907,242. The carryover balance ended the year at $1,787,517. Special purpose revenue increased by $1,547,992 compared with the prior year.

- Classroom Enhancement Fund staffing remains the largest special purpose program at $5,698,940.
- Food-related targeted program spending expanded across Feeding Futures $755,806, National School Food Program $337,422, and School Foods Coordinated Procurement $66,355.
- Professional Learning Grant activity continued with $75,000 spent and $78,990 deferred to future years.

Capital

The district's capital work continued to be significant in 2025/26. Tangible capital assets increased by $3,998,576 and work in progress ended the year at $3,864,614.

The district received $11,407,827 in capital revenue and used $8,832,001 for capital transactions. Deferred capital revenue increased by $5,746,821 to $77,033,567.

Capital receivables and cash flow timing continue to be important. MOECC accounts receivable increased to $5,744,471, compared with $2,186,630 in the prior year due to the delay in insurance reimbursement related to the Carihi fire claim.

Child Care

Child Care Phase 2 includes after school care spaces at École Willow Point, Penfield and 3-5 care spaces at École Phoenix and the school board office for a total project amount of $6,475,846. The design process has been completed for Penfield with École Willow Point nearing substantial completion. The two other sites will begin construction in fiscal 2026/27. Total project costs to June 30, 2026 are $1,822,650.

Carihi Fire Remediation

Carihi fire remediation project has two parts:

1. Insurance reclamation that includes initial demolition, remediation for occupancy, safety requirements, and school equipment that was damaged. $7,043,154 was spent by June 30, 2026. With $5,343,064 receivable from the MOECC.
2. MOECC capital project includes the rebuilding of the gym and rebuilding of rooms demolished by the fire. $25,000,000 was approved at the end of 2025/26 with expenses beginning July 2026.

Financial Analysis of the School District

Financial Assets	2026 Actual	2025 Actual	Variance	Change
Cash and Cash Equivalents	$17,805,469	$15,952,702	$1,852,767	11.61%
Accounts Receivable - MOECC	$5,744,471	$2,186,630	$3,557,841	162.71%
Accounts Receivable - Prov	$0	$2,350,295	($2,350,295)	-100.00%
Accounts Receivable - FN	$442,535	$520,800	($78,265)	-15.03%
Accounts Receivable - Other	$666,467	$198,978	$467,489	234.95%
Total Financial Assets	$24,658,942	$21,209,405	$3,449,537	16.26%
Liabilities				
Total Liabilities	$106,016,892	$99,743,994	$6,272,898	6.29%
Net Financial Assets (Debt)	($81,357,950)	($78,534,589)	($2,823,361)	-3.60%
Non-Financial Assets				
Tangible Capital Assets	$88,478,780	$84,480,204	$3,998,576	4.73%
Prepaid Expenses	$367,514	$609,703	($242,189)	-39.72%
Total Non-Financial Assets	$88,846,294	$85,089,907	$3,756,387	4.41%
Accumulated Surplus (Deficit)	**$7,488,344**	**$6,555,318**	**$933,026**	**14.23%**

Reference Notes for the Financial Assets:

- Cash and cash equivalents increased by $1,852,767. The improvement was offset by the continued timing impact of capital reimbursements and work in progress.
- Accounts Receivable - MOECC increased by $3,557,841, reflecting reimbursements for both Carihi and Child Care projects that were in progress at year-end.
- Accounts Receivable - First Nations decreased by ($78,265), while Accounts Receivable - Other increased by $467,489.
- Deferred capital revenue increased by $5,746,821 as capital funding was received and recognized through the capital schedules.
- Prepaid expenses decreased by ($242,189) compared with the prior year due to a 24/25 deposit on Carihi portables and a large pre-payment for our Cisco license.

Statement 2 (Income Statement)

Revenues	2026 Actual	2025 Actual	Change	Variance
Ministry of Education and Child Care	$84,940,044	$83,448,197	$1,491,847	1.79%
Other Provincial	$38,557	$41,394	($2,837)	-6.85%
Tuition	$1,111,876	$1,027,148	$84,728	8.25%
Other Revenue	$5,793,640	$5,859,808	($66,168)	-1.13%
Rentals and Leases	$118,324	$236,097	($117,773)	-49.88%
Investment Income	$291,527	$428,767	($137,240)	-32.01%
Amortization of Deferred Capital Revenue	$3,701,993	$3,481,742	$220,251	6.33%
Total Revenue	$95,995,961	$94,523,153	$1,472,808	1.56%
Expenses	**2026 Actual**	**2025 Actual**	**Change**	**Variance**
Instruction	$73,373,961	$72,899,799	$474,162	0.65%
District Administration	$3,867,257	$3,819,020	$48,237	1.26%
Operations and Maintenance	$15,683,464	$17,450,087	($1,766,623)	-10.12%
Transportation and Housing	$2,138,253	$2,250,478	($112,225)	-4.99%
Total Expense	$95,062,935	$96,419,384	($1,356,449)	-1.41%
Surplus (Deficit) for the year	**$933,026**	**($1,896,231)**	**$2,829,257**	**149.20%**

Reference Notes for the Income Statement:

- Ministry of Education and Child Care revenue increased by $1,491,847 for the labour settlement and Classroom Enhancement.
- Wages and benefits were increased by the labour settlements but were reduced by budget reduction of positions.
- Rentals and leases were lower due to reduced rent at Cedar Annex and Election Canada rent of a building during 2024.
- Investment income decreased by ($137,240), due to lower cash balances while waiting for MOECC receivables for Carihi.
- Operations and Maintenance expenses decreased by ($1,766,623) compared with 2024/25 due to a large number of personnel redirected to the Carihi fire restoration and Child Care projects that are funded outside of the operating.
- The consolidated result improved by $2,829,257, moving from a deficit in 2024/25 to a surplus in 2025/26.

Schedule 2A - Operating Revenue

	2026 Budget	2026 Actual	Diff $	Diff %	Reason
Provincial Grants MOECC	$72,544,031	$73,554,640	$1,010,609	1.39%	Labour settlement funding
Tuition	$1,131,000	$1,111,876	($19,124)	-1.69%	International and other tuition
LEA/Direct Funding from First Nations	$2,108,922	$2,144,570	$35,648	1.69%	Local education agreement revenue
Other School District /Education Authorities	$377,791	$365,530	($12,261)	-3.25%	On target to budget
Contracted Services / Misc	$104,208	$104,208	$0	0.00%	On target to budget
Rentals and leases	$163,000	$118,324	($44,676)	-27.41%	
Investment Income	$245,000	$261,040	$16,040	6.55%	Decrease in interest income
TOTAL	**$77,005,925**	**$78,300,752**	**$1,294,827**	**1.68%**	

Schedule 2B - Operating Expense by Object

	2026 Budget	2026 Actual	Diff $	Diff %	Reason
Teachers	$31,620,436	$32,368,681	$748,245	2.37%	Labour settlement budgeted.
Principals and Vice Principals	$4,784,496	$4,947,759	$163,263	3.41%	Labour settlement budgeted
Other Professionals	$2,304,881	$2,372,310	$67,429	2.93%	Labour settlement budgeted
Educational Assistant	$7,243,719	$7,143,221	($100,498)	-1.39%	On target to budget
Support Staff	$7,594,141	$7,443,066	($151,075)	-1.99%	On target to budget
Substitutes	$1,690,738	$1,865,483	$174,745	10.34%	Labour settlement budgeted
Employee Benefits	$13,313,844	$13,539,725	$225,881	1.70%	Labour settlement budgeted
Services	$2,280,665	$1,979,256	($301,409)	-13.22%	IEC and contracts under budget
Student Transport	$46,860	$50,072	$3,212	6.85%	On target to budget
Pro-D and Travel	$860,524	$840,745	($19,779)	-2.30%	On target to budget
Rentals and Leases	$70,000	$64,159	($5,841)	-8.34%	On target to budget
Dues and Fees	$92,300	$93,141	$841	0.91%	On target to budget
Insurance	$203,024	$198,484	($4,540)	-2.24%	On target to budget
Supplies	$2,667,162	$2,007,352	($659,810)	-24.74%	Multiple account under budget
Utilities	$1,572,000	$1,449,796	($122,204)	-7.77%	On target to budget
TOTAL	**$76,344,790**	**$76,363,250**	**$18,460**	**0.02%**	

Reserves - Special Purpose, Year to Year Change

Program	25/26 This Year Spending	Deferred Revenue Balance	Comments
Annual Facility Grant	$263,177	$0	
Strong Start	$136,000	$0	
Learning Improvement Fund	$227,581	$32,459	Carry-over will be planned for use in 2026/27
CommunityLINK	$575,057	$41,016	
Mental Health in Schools	$92,907	$17,929	
Classroom Enhancement Fund (CEF) - Staffing	$5,698,940	$0	
Classroom Enhancement Fund - Overhead	$342,661	$0	
Classroom Enhancement Fund - Remedies	$93,445	$20,002	Remedy claimed at the beginning of the year was not required
Feeding Futures Fund	$755,806	$254,369	
National School Food Program	$337,422	$0	
School Foods Coordinated Procurement	$66,355	$13,855	
Professional Learning Grant	$75,000	$78,990	Will be fully spent in 26/27
School Generated Funds	$2,163,505	$726,724	
Schedule 3A Total	**$11,907,242**	**$1,787,517**	

Income Statement Sch 2B with Budget Labour Settlement Adjustments

Schedule 2B **Labour Settlement Adjusted**	2026 Budget (Note 15)	2026 Budget with Labour Settlement Funding	**2026** **Actual**	2025 Actual
Salaries				
Teachers	31,620,436	**$32,569,049**	32,368,681	32,758,870
Principals and Vice Principals	4,784,496	**4,904,108**	4,947,759	4,639,665
Educational Assistants	7,243,719	**7,243,719**	7,143,221	7,360,868
Support Staff	7,594,141	**7,594,141**	7,443,066	7,694,352
Other Professionals	2,304,881	**2,362,503**	2,372,310	2,664,814
Substitutes	1,690,738	**1,741,460**	1,865,483	1,899,430
Total Salaries	55,238,411	**56,414,981**	56,140,520	57,017,999
Employee Benefits	13,313,844	**13,581,626**	13,539,725	13,640,028

Capital Assets

New Spaces Childcare Centres

- Four new childcare centres were approved for funding in 2025/26. Two 3-5 aged care and two afterschool care locations in the amount of $6,239,176. Design and site preparation began in 25/26 with minimal expenses in that year.

Bus Acquisition Program (BUS)

- Accessible bus was approved and purchased in the amount of $243,138

Capital Budget Summary

Project	Approved Budget	Spent to June 30, 2026	Variance to Approved Budget	Estimated Final Expenditure
Ocean Grove roof upgrade	$365,645	$365,645	$0	$365,645
Cortes Island roof upgrade	$175,000	$182,954	$(7,954)	$182,954
Phoenix Middle electrical panel	$300,000	$219,884	$80,116	$219,884
Robron HVAC	$438,321	$481,915	$(43,594)	$481,915
Feeding Futures	$100,000	$106,882	$(6,882)	$106,882
Totals	$1,378,966	$1,357,280	$21,686	$1,357,280

All variance identified above are covered by project funds provided in 25/26.

Local Capital

- Local capital supported the move of one classroom portable from Ocean Grove to Carihi for enrolment growth at Carihi in the amount of $156,928.

Annual Facilities Grant (AFG)

The Annual Facility Grant is funding provided by the Ministry of Education and Child Care for designated school capital or maintenance upgrades. The 2025/26 AFG amount is received as a capital grant $1,583,542 and recorded in special purpose funds at $263,177. The following summary is based on the 2025/26 financial statement schedules.

2025/26 AFG Projects valued over $50,000 include:

- Georgia Park Elementary replaced all exterior windows and doors $208,000
- Surge Narrows repaired their sewage outflow system $50,000
- Accessibility upgrades were performed at all elementary, middle and secondary schools $106,000
- Sandowne received new paint and exterior repairs
- Carihi had a section of exterior cladding replaced $50,000
- Timberline had their gym floor refinished $100,000
- Robron, Penfield and Southgate had some interior classrooms painted $127,000.

Factors Bearing on the School District’s Future/Other Potentially Significant Matters

Surplus Reserve Restoration

The district restored operating reserves from $1,263,066 to $2,223,106. The emergency contingency has increased by $250,000 to $1,082,864. This is progress toward the board’s policy target of 2% of operating revenues or $1,540,118. The targeted reserves increase from $430,188 to $1,14,242. This improves the short-term financial safety net compared with the prior year but should continue to be monitored against enrolment, employee benefit costs and targeted grant continuity.

Capital Receivables and Cash Timing

Accounts receivable from the Ministry of Education and Child Care increased to $5,744,471. The timing of reimbursement for capital projects remains a significant cash-flow consideration as the Carhi rebuild continues.

Targeted Grants and Reporting Complexity

Special purpose spending increased to $11,907,242. The growth in classroom enhancement, food-related programs, professional learning and other targeted programs increases the need for detailed grant tracking and carry-forward monitoring.

Net Debt and Capital Asset Base

Net debt increased to ($81,357,950) while tangible capital assets increased to $88,478,780. These changes reflect continued capital investment and the timing of related capital funding.

Contacting Management

This financial report is designed to provide the school district’s stakeholders with a more general but more detailed overview of the school district’s finances and to demonstrate increased accountability for the public funds received by the school district.

If you have questions about this financial report, please contact the office of the secretary-treasurer at 250-830-2300.

You are encouraged to review the board’s strategic plan, financial statements, and other documents at http://www.sd72.bc.ca/Pages/Publications.aspx.