



2026/27 Three Year Budget and Financial Plan



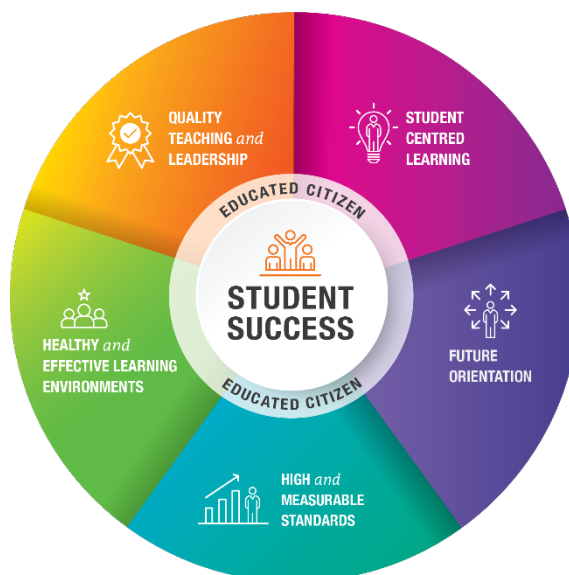
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2026/27 BUDGET REPORT AND THREE-YEAR FINANCIAL PLAN SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)

British Columbia's Policy for Student Success

Focus all talents, efforts and resources on improving student success. Our success will not just be measured by the amount of investment, legislative changes, the number of programs, or the amount of new construction, but rather on how well all students are succeeding in life, regardless of their background or where they live in B.C. – this is our foundation for a prosperous, shared, and sustainable economy.



District Overview and Contextual Information

School District No. 5 (Southeast Kootenay) (the “District”) is located in the southeast corner of the province of British Columbia. Our region features spectacular mountain scenery, clean lakes, forested hillsides, and wide-open spaces. With an approximate population of 36,000, most people live in the communities of Cranbrook, South Country (Baynes Lake, Grasmere, Elko, Galloway, and Jaffray), Fernie, Sparwood, and Elkford.



The District encompasses seventeen schools, plus one online school. Five of these schools offer French Immersion programs. The District serves approximately 5,900 full-time equivalent (FTE) students within its communities. We provide transportation to over 2,400 students. The District employs approximately

1,600 employees, with nine elected trustees on the Board of Education to guide and support district initiatives.

The District endeavours to maintain high and measurable standards with a focus on intellectual development, human and social development, and career development, to offer each student the best opportunity to succeed in life. By increasing student-centred learning opportunities that prepare learners to achieve their career and life goals, we aim to improve outcomes and enhance educational experiences for all students, no matter their background or where they live.

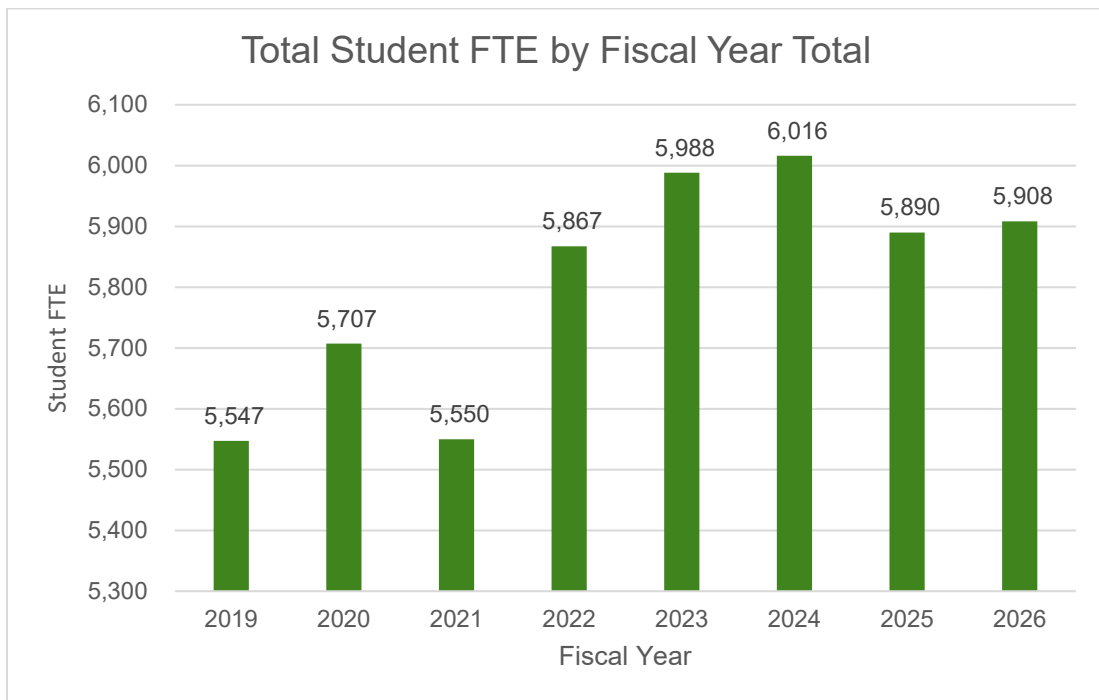


Number of Students Across All Grades

Student Group	KF	01	02	03	04	05	06	07	08	09	10	11	12	Other	Total
All Students Headcount	380	345	373	398	450	439	461	457	477	457	601	594	642	37	6,111
Full Time Equivalent Total	380	345	373	398	450	439	461	457	477	457	561	542	565	3	5,908
Diverse Abilities	51	29	53	46	64	81	91	70	96	99	99	110	125	-	1,014
Indigenous	60	44	54	61	72	82	84	96	100	101	106	103	78	-	1,041

STUDENT DEMOGRAPHIC INFORMATION	
Category	Student Count (Feb 2026)
Children Youth In Care	30
Diverse Abilities	1,033
English Language Learners (ELL)	108
French Immersion	635
Indigenous	1,193
International	48
Total of all Categories	3,047

Student Enrolment Over Time



Board of Education

Nine elected trustees make up the composition of the District's Board of Education. They represent the communities of Cranbrook (5 trustees), South Country (1 trustee), Fernie (1 trustee), Sparwood (1 trustee) and Elkford (1 trustee) and are elected every four years, on the same cycle as mayors and city councils. The primary role and responsibility of the Board of Education, through the trustees, is the governance of the District. The trustees are accountable to the Ministry of Education and Child Care (the "Ministry") within the Provincial Government.



Roles, Responsibilities and Financial Governance

District trustees perform a variety of important duties including establishing educational policies and regulations as well as overseeing the education, operational, financial, and ministerial requirements of the District. Additionally, trustees advocate for enhanced government funding for the educational, operational, and capital needs of the District. The Board of Education, through its trustees, guides the work of the Superintendent and Secretary Treasurer who provide the day-to-day leadership and management of the District.

The Board and its trustees are committed to transparency and have adopted the Ministry's financial governance requirements. These requirements include the development of an annual budget which is guided by the District's vision, mission, and values and includes a consultative budget engagement process. The Board is also committed to a thoughtful and student-centred approach to balancing the budget each year.

Strategic Plan 2024 to 2028 – Guiding Principles



VISION:
Students love to learn here, staff love to work here, families love to gather here

MISSION:
Our students will graduate with dignity, purpose, and options

VALUES:
Respect, Vision, Fairness, Collaboration, Integrity, Inclusion

District Priorities

	Priority One: Intellectual Development	• Each student will meet or exceed literacy expectations in relation to their grade level or Individual Education Plan goals. • Each student will meet or exceed numeracy expectations in relation to their grade level or Individual Education Plan goals.
	Priority Two: Human and Social Development	• Students and Staff will feel welcome, safe, and connected to their school and community. • Promote Mental Health in School Strategy, through embedding positive mental health in all aspects of the education system, including culture, leadership, curriculum and learning environments.
	Priority Three: Career Development	• All students will transition successfully from secondary school with the core competencies to achieve their life and career goals.

Budget Development Overview

School District Budget Background

A balanced budget is a stipulation of the *School Act* (Section 113). The District's budget is prepared in accordance with Public Sector Accounting Standards (PSAB), Section 23.1 of the Provincial *Budget Transparency Act* and with Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

School districts in British Columbia must submit a balanced budget to the Ministry by June 30 each year. The District starts its annual budget process in December and completes the process around the end of May with the Board's final approval.

School districts budgets are reported as a consolidation of three separate funds: operating, special purpose, and capital.

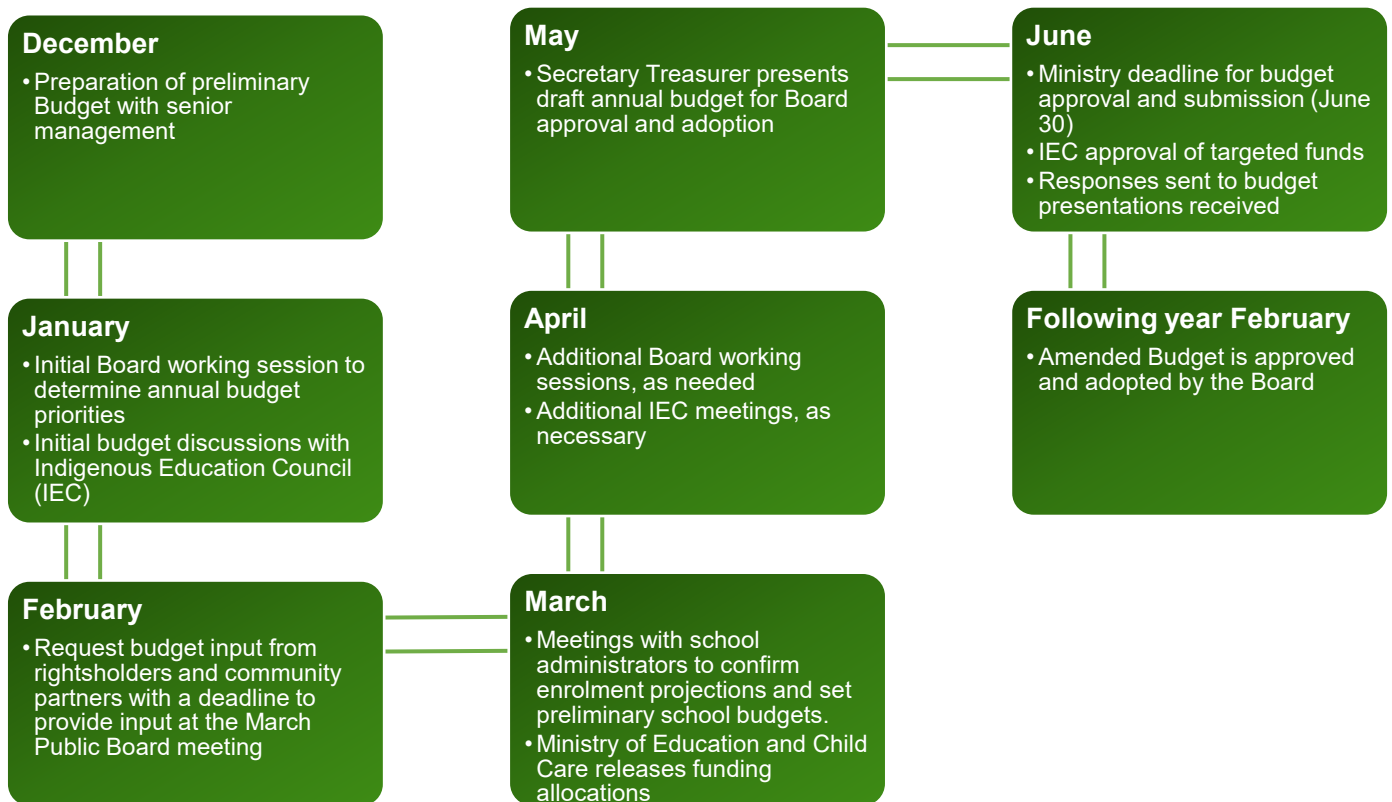
The Operating fund budget contains the revenues and expenses for the day-to-day operation of the District. Ministry grants and other revenues, including international student program fees, and facility lease rental revenues largely form the revenues for this fund. Expenses include costs for instructional programs, district administration, facilities, maintenance, and transportation.

Special purpose fund(s) budgets contain “restricted contributions” defined as legislative or contractual stipulations, or restrictions, as to the use of funds. Ministry funds including the Annual Facilities Grant (AFG) and Classroom Enhancement Fund (CEF), together with other funds, including School Generated Funds (SGF), and scholarships, are reported in this fund.

The Capital fund budget for the District primarily comprises building renewal and playground replacement projects funded from externally restricted capital revenues (mainly from the Ministry). Projects funded from operating or special purpose funds are largely for smaller building and facilities maintenance projects, technology and equipment replacement, and playground restorations.

Budget Development Process and Timeline Consultation

The District’s budget process starts in the year prior to when the budget will take effect. An important aspect of the budget process is consultation and engagement with rightsholders and community partners. Rightsholders are individuals, groups, or entities who possess legal, moral, or customary rights in relation to a specific matter. The process itself takes place over several months, as follows:



December

The District finance team, along with senior management, prepares a preliminary budget based on known cost factors and changes from the prior year. Ministry operating grant funding is estimated at this stage. Department budgets are reviewed for strategic alignment, opportunities, and challenges. The preliminary budget is based on the Board approved current year Annual Budget, which is adjusted for the following:

-  Forecasted student enrolment population changes;
-  Projected Ministry operating grant funding based on the forecasted enrolment changes;
-  Projected revenue from other sources (e.g., international tuition revenue, rental revenues, investment income, etc.);
-  Contractual and statutory changes to employee salaries, and benefits;
-  Contractual rate and cost changes to services, supplies, and utilities;
-  Projected changes to staffing due to forecasted enrolment or revenues; and
-  Adjustments for one-time revenue or expenses included in the prior year budget.

January

The Budget development process begins through working sessions with the Board of Education to determine annual budget priorities. Preliminary meetings with the Indigenous Education Council (IEC) also take place. Budget assumptions are discussed and specific priority areas for the annual budget are identified.

February

The District requests budget input from rightsholders and community partners with a deadline to provide input at the March Public Board meeting.

Early March

Senior management holds individual budget meetings with respective school administrators to finalize initial student enrolment projections and set preliminary school budgets.

Mid-March

Budget information is further refined after the Ministry releases funding allocations for the next school year. This is when the actual operating budget balance is known, and final balancing recommendations can be prepared

April

Additional Board working sessions and meetings with the IEC, as needed.

May

The Secretary Treasurer presents a draft annual budget for the Board of Education approval and adoption.

June

Ministry deadline for budget approval and submission (June 30). The IEC approves the targeted funds budget for the next school year. Responses sent to budget presentations received.

February (subsequent calendar year)

Finally, as the next school year progresses, the original budget is monitored and adjusted, and an Amended Budget is approved and adopted by the Board.

District Budget Guidelines

The District has established budget guidelines for preparing the Annual and Amended Budgets to ensure:

-  The preparation of a balanced budget for recommendation to the Board in accordance with *School Act* requirements;
-  Consistency and transparency in preliminary budget preparation;
-  Expected revenues and costs reflect the most up-to-date knowledge of enrolment estimates, contractual obligations, and effective rates;
-  Calculations are prepared based on applicable financial standards, principles, and practices
-  Newly added services are added based on an approved budget change proposal (business case presented and approved by the Board);
-  Budget changes are recommended by a committee of staff representing all areas of the District; and
-  Budget changes are strategically aligned and made by Board approval.

2026/27 Ministry Operating Grant Allocation Formula

Public school districts in British Columbia are primarily funded through an operating grant provided by the British Columbia Ministry of Education and Child Care, as summarized in the [2026/27 Preliminary Operating Grant Announcement](#) outlined below:

The operating grant block is projected to decrease by \$25.9 million to over \$7.242 billion in 2026/27 as most districts estimate their enrolment will decline in the upcoming school year. The Ministry's Funding Allocation System allocates the general operating grants using individual district enrolments and specific factors that apply to each school district. Per student funding rates for this year remain unchanged from 2025/26.

The Operating Grants are calculated based on estimated enrolment data provided by school districts. The Operating Grants are updated based on actual enrolment and other data collected from school districts throughout the school year.



Funding Adjustments

-  Districts' preliminary allocations are adjusted after each of the enrolment counts; September, February, and May;

- 👤 A district's preliminary allocation will increase if actual enrolment is higher than district estimated enrolment and will consequently decline if actual enrolment is lower than district estimated enrolment;
- 👤 Funding Protection is calculated following the September enrolment count only – this supplemental grant is calculated last and ensures that districts do not experience a funding decline of greater than 1.5% compared to the previous year for the September count;
- 👤 The full operating funding block must be allocated to districts by June 30 of the current school year;
- 👤 Funding is disbursed in a “just in time” manner to closely match district cash needs.

2026/27 Budget Overview

The Annual Budget for 2026/27 is \$99.5 million, an increase of \$2.6 million from the 2025/26 Amended Annual Budget of \$96.9 million.

The District anticipates a decrease in enrolment of 192.5 full-time enrolled (FTE) students for the 2026/27 school year, bringing the student full-time equivalent (“FTE”) total from 5,874.5 in the 2025/26 Amended Annual Operating Budget to 5,682.0 student FTE.

The District is projecting a small surplus in its Annual Operating Budget for 2026/27. At \$0.3 million, the surplus makes up approximately 0.3% of the 2026/27 budgeted operating revenue.

To balance the budget in a sustainable and measured way, the District is proposing a budget balancing strategy based on the following themes:



- 👤 Ensuring that the proposed reductions have the least impact on students;
- 👤 Decreasing program areas that have had limited impact on student success and wellbeing using a data-based approach; and
- 👤 Mitigating risk and ensuring long-term sustainability by reducing the reliance on Reserve funds.

Approximately 89.3% of the District's operating costs are staffing related.

Ministry of Education Funding Announcement

Based on the 2026/27 Ministry Operating Grant Formula, the District had anticipated funding of \$82.5 million. This year, the Operating Grant Funding remained unchanged for 2026/27. The District received additional funding of \$0.1 million for Indigenous Education Council funding. Other changes result from small, formula driven changes (Unique Geographic Factors, Student Location Factor, Salary Differential, Equity of Opportunity Supplement).

Current Financial Circumstances

The District has a small surplus projected in our 2026/2027 annual budget and experienced a \$2.8 million surplus in 2025/26.

In 2025/26, the District continued to experience high utilities and fuel costs, supplies, and construction costs resulting in continued strain on District operations. Staffing vacancies have led to much of the surplus experienced in 2025/26.

Classroom Enhancement Funds, Feeding Futures funding, and a continued focus on removing contingency staffing amounts that did not fund the positions of specific individuals currently in assignment helped to alleviate some of the budget pressures experienced. However, declining student enrolment and overall global economic uncertainty continues to create a low degree of flexibility in the budget for 2026/27. As a result, our capacity to top up district reserve funds, which are often used to allocate dollars for initiatives that are not in the budget, is reduced.

In summary, we have developed increased funding needs and enhanced service expectations, yet we are now facing a significantly tighter budget with a focus on fiscal conservatism. As a result, we continue to believe the appropriate financial approach going forward is a cautious one.

The District remains committed to fully funding its operating costs without undue reliance on funding sources that are not committed in these uncertain times. The budget has been balanced by reducing expenses with the least possible impact to students, where possible. The District continues to be committed to holding sufficient reserve funds to buffer potential revenue shortfalls.

Every department has examined its budget to identify possible efficiencies and areas for reduction. Unfortunately, balancing options that avoid impacts on the classroom are limited due to declining student enrolment resulting in difficult outcomes this year.

The District's goal is to effectively support the Framework for Enhancing Student Learning and District Strategic Plan by providing a safe, healthy, and financially sustainable learning environment for our students and staff. The Framework for Enhancing Student Learning is reflective of the District's commitment to promote student success by ensuring our learners are literate, numerate, feel connected to our schools and communities, and, ultimately, graduate with purpose and options.

We will continue to:

-  ensure, through multi-year financial planning, budget reviews, and the annual budget process, the allocation of resources (people, time, and services) is completed in a fiscally responsible manner and supports the achievement of the Board's strategic plan;
-  review and improve business processes and business systems to create value;
-  support our community of learners through effective communication which enables efficient decision making;
-  ensure business continuity through effective risk management, succession planning, strategic recruitment, retention, and professional development;
-  effectively support the governance function of the Board of Education;
-  continue to effectively represent the District perspective to provincial government on business related initiatives (i.e., Select Standing Committee);
-  ensure District assets are safeguarded and that the District's financial position is stable through the design and implementation of adequate internal controls and financial processes;
-  ensure departments have the organizational capacity (people and expertise) to manage all current and planned initiatives and projects, while delivering regular operations; and
-  focus on reallocating dollars from supplies and expense allowance funds to alleviate the need to reduce funding from actual filled positions or other critical initiatives, such as school-based budgets.

Budget Initiatives

Shop Equipment Replacement Plan

-  The Board has continued its long-term (10+ year) commitment of \$100,000 per year towards a plan to repair, replace, and upgrade school shop equipment.

Additional Initiatives This Year

-  The Board has continued custodial supports in all schools at levels staffed during COVID-19 which resulted in additional supports valued at \$260,000 to support the general health and wellbeing of all students and staff.
-  The Board continues to support the District French Teacher, Literacy Support Teacher, and Numeracy Support Teacher at an approximate cost of \$390,000.
-  The Board supported the creation of additional social/emotional learning supports through a designated teaching position to support Education Assistants in their profession at a cost of \$140,000.
-  The Board continues to support Special Education (Learning Services) for a total district budget of \$17.2 million compared to funding received of \$12.7 million for Level 1, 2 and 3 students, a difference of \$4.5 million or 26% covered by operating funds which demonstrates the Board's significant ongoing commitment to Student Services.
-  The District is continuing its development of a hot lunch program for students through discussions with vendors and non-profit organizations. The goal remains to scale this up to a daily pay-what-you-can hot lunch program.



Commentary

During the development of the 2026/27 Annual Budget, the Board of Education continued its commitment to meaningful public engagement. Input was actively sought from Indigenous rightsholders, students, families, employees, community partners, and the broader public. This engagement created opportunities for open dialogue and helped ensure that the budget reflects the priorities, needs, and values of the communities served by School District No. 5 (Southeast Kootenay).

The Board remains committed to supporting safe, healthy, and inclusive learning and working environments. The District continues to maintain one of the strongest custodial staffing ratios in British Columbia, reflecting the importance placed on clean and well-maintained schools. Additional attention has also been directed toward mitigating workplace violence, supporting safe schools, and responding to employee absenteeism through targeted staffing strategies, preventative initiatives, and improved coordination of available resources.

The 2026/27 budget maintains a strong focus on student learning and classroom support. Funding for a Numeracy Support Teacher complements the District's established Literacy Support Teacher position, strengthening the supports available to schools in the development of foundational academic skills.

Significant capital planning and construction activity will continue throughout 2026/27. Construction of the new elementary school in Fernie represents a major investment in the future of the Elk Valley communities, while the District continues to advance the business case and long-term solution for Amy Woodland Elementary School.

All budget decisions and planning are being made in an increasingly volatile financial environment. Projected enrolment declines, mounting inflationary pressures, increasing employee benefit and service costs, aging infrastructure, and growing complexity in student needs continue to place pressure on the District's operating budget. Global economic uncertainty and escalating construction costs also create significant risks for the District's capital plans and long-term financial outlook.

With all this in mind, the Board continues to empower district management to be responsible fiscal stewards of public funds. The 2026/27 budget has been developed to balance immediate educational and operational needs with the District's long-term financial sustainability in mind. Through an annual recurring expenditure review, organizational realignment, and the strategic use of available resources, the District will continue to protect classroom supports while maintaining the services and infrastructure required for safe and effective school operations.

All budget decisions continue to be guided by the District's strategic priorities and its commitment to equity, reconciliation, student and staff wellbeing, educational excellence, and service to all communities of the Southeast Kootenay.



Nick Taylor, CPA
Secretary Treasurer / CFO
School District No. 5 (Southeast Kootenay)



Multi-Year Reports

The District prepares its Annual budgets based on the prior year's Amended Annual Budget which it updates for estimated enrolment changes, the resulting staffing level and funding impacts, updated salaries, benefit rates, contract obligations and other known cost considerations. Changes in initiatives and programs are also integrated at this time or later at the Amended Budget stage in February of the Budget year, as applicable.

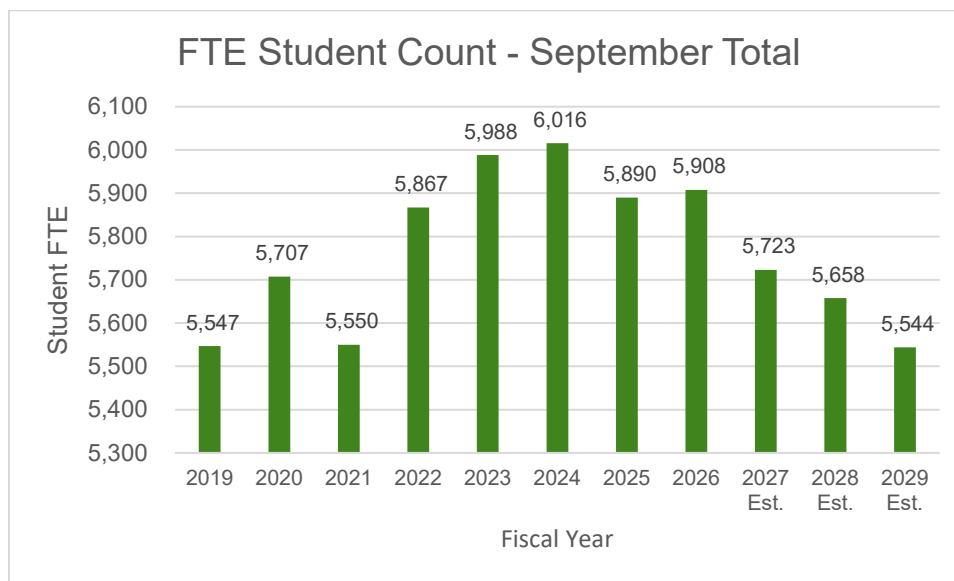
Multi-Year Student Enrolment and Enrolment Trends

The province's K-12 Education funding is largely enrolment driven. 85.3% of the District's 2026/27 Ministry Operating Grant is based on enrolment. Please see the section on the Ministry Operating Grant for per pupil funding amounts and a full description of the funding formula. Student enrolment also drives staffing levels. Funding levels and staffing levels interact differently with enrolment however and this difference is one of the key drivers of whether budgets balance in any given year.

Student Enrolment

The District's school-aged student enrolment FTE (full-time equivalent) including distributed learning for 2026/27, 2027/28 and 2028/29 has been projected at 5,723, 5,658 and 5,544 respectively. School-aged enrolment makes up a projected 96% of the District's Ministry funded enrolment for 2026/27. Alternate School and Online learning FTE make the remainder 4% of the total. Similar ratios apply to the enrolment of other school years.

We are presently projecting a decrease of 3.1% or 185 students in 2026/27, 1.1% or 65 students for 2027/28, and a decrease of 2.0% or 114 students for 2028/29. This can be seen in the table below:



Students with Ministry special education designations within the overall student enrolment total has been increasing since 2017/18 when it was approximately 7% of our total enrolment. In 2026/27 this is now 16%. Projections for 2027/28 and 2028/29 are estimates based on the most current actual information. We anticipate this percentage to remain fairly consistent going forward and have held this constant for 2027/28 and 2028/29 until more detailed information becomes available. Should enrolment increase in this area, beyond the projected numbers, supplemental Ministry funding would also increase and would then become available to support services.

Multi-Year Operating Revenue

In the operating fund sections below, we have provided high-level summary tables of budget dollars that provide an overview of the trend from the audited financial statements for the period ending June 30, 2026, to a forecast of the current year, to three budgeted future years, 2026/27, 2027/28 and 2028/29.

Operating Revenues

A significant portion of the budgets are expected to remain relatively stable, year-over-year. This can be observed in the revenue table below.

Also visible are areas where changes do occur or are expected to occur. Areas of change have been marked, and the reason for the change has been provided here.

Please see the comments below:

Ministry of Education funding is projected to decrease in 2026/27 given that we are expecting an enrolment decline. Changes in enrolment also result in changes in funding for 2027/28 and 2028/29.

Other Revenues are made up of revenues from other districts for international students. We have seen a decline in these numbers in 2025/26 fiscal year. We are not expecting a significant change in this category over the next three years.

Rentals of district facilities are expected to decrease as the lease agreement with Elk Valley Resources expired in spring 2026. There are tentative discussions in place to rent to childcare providers and other organizations, however these are still in preliminary phases.

Investment income is impacted by current interest rates and the amount of cash invested. An estimate of rates and the amount invested results in the level of budgeted investment income shown.

The distribution of the District's main Operating Fund revenue sources is based on the 2026/27 budget. At 99%, Ministry of Education funding is the main funding source of the District. All other types of funding are significantly smaller.

BUDGETED OPERATING REVENUES					
(millions)	2025/2026 ACTUAL	2025/2026 BUDGET	2026/2027 BUDGET	2027/2028 BUDGET	2028/2029 BUDGET
Revenues					
Provincial Grants - MOECC	\$ 83.42	\$ 79.65	\$ 81.30	\$ 82.76	\$ 83.85
Provincial Grants - Other	0.23	0.07	0.07	0.07	0.07
Other Revenue	1.34	0.83	0.71	0.71	0.71
Rentals and Leases	0.29	0.10	0.10	0.10	0.10
Investment Income	0.41	0.08	0.35	0.35	0.35
Total Revenues	\$ 85.69	\$ 80.73	\$ 82.53	\$ 83.99	\$ 85.08

Multi-Year Operating Expenses - Staffing

Salary increases generally increase over time to keep up with the cost of living. While different processes are in place that drive these cost adjustments, they are a part of every labour category shown below. In the balanced 2026/27 Annual Budget specifically, labour settlement adjustments for teachers are included, however support staff are not included as these have not yet been determined.

Teacher and support staff salaries have increased in 2026/27 since there is approved labour settlement funding of 3% per year for teaching staff. However, no currently approved cost of living increases or labour settlement funding for this period have been approved for support staff as at the date of this report.

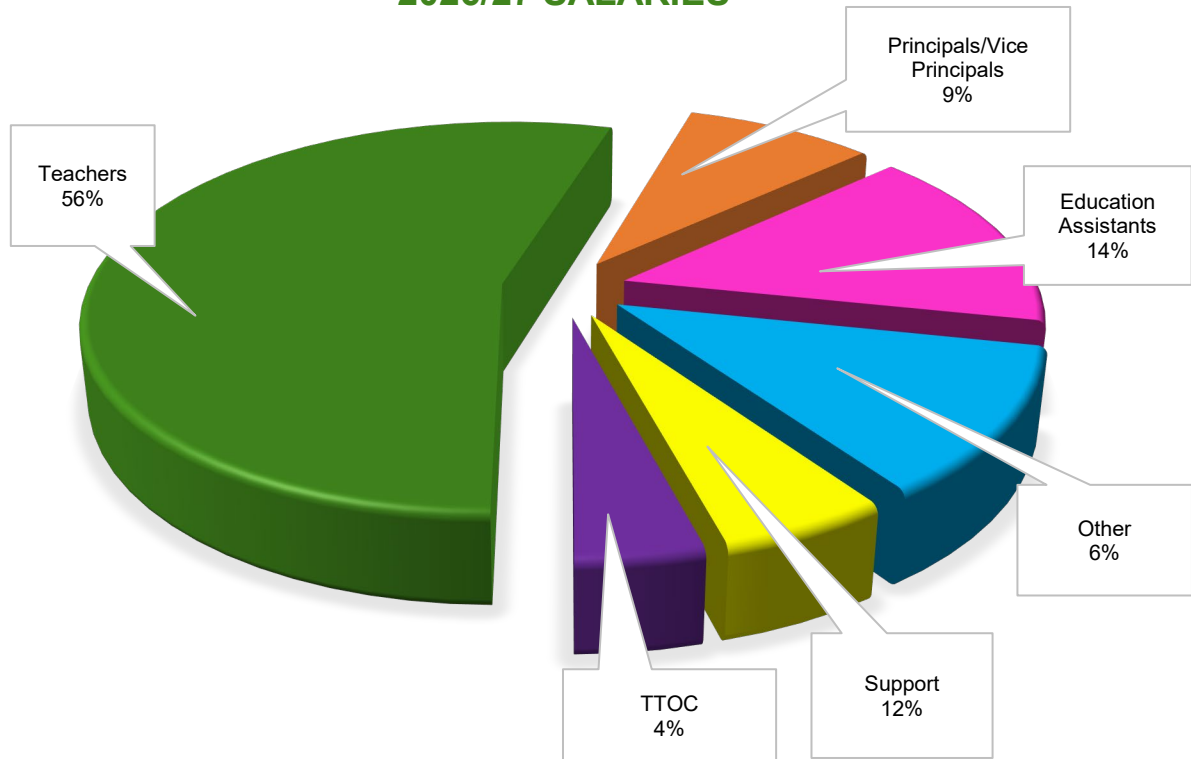
Staff replacement labour salaries have been significantly higher in 2023/24, 2024/25, and 2025/26 due to continued higher staff absences. These amounts have increased again in 2024/25 and 2025/26 to levels seen during the COVID-19 pandemic which places significant cost burdens on the District budget. The District continues to monitor these costs very closely and attempts to address this challenge through various initiatives, such as the ongoing support of the Calm application and Employee and Family Assistant Programs (EFAP) to support positive mental health habits.

Benefits costs are higher in 2025/26 compared to 2024/25 due to continued benefits rate increases across all employee groups.

The chart below indicates the labour and benefit costs that pertain to the staffing FTE in the table above and provides the cost percentages assigned to each labour category. Substitute labour, the light green slice, does not have FTE attached because labour in this category is replacement labour or casual labour that accumulates on a short-term basis of days or even partial days.

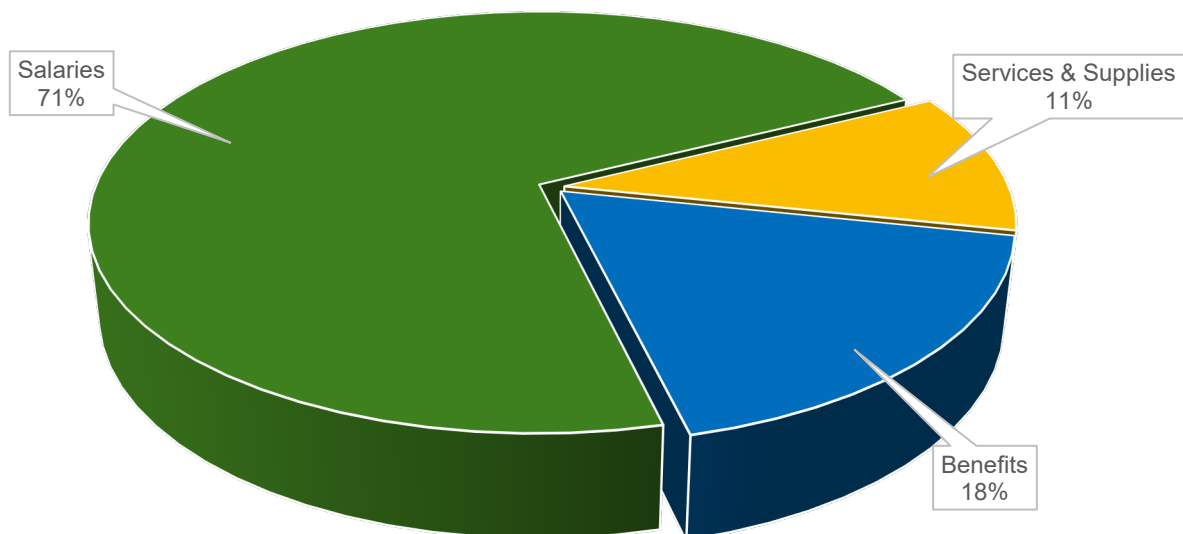


2026/27 SALARIES



Staffing and benefit costs make up the bulk of the District's Budgets. Please see the distribution below as it pertains to the Operating Fund. It is this distribution between staffing and non-staffing costs that makes it difficult to make large budget reductions from supplies and services alone.

Budget 2026/2027 Operating Expenses



Multi-Year Operating Expenses – Supplies and Services

The combined amount of services and supplies exhibit the following cost behaviour over the periods shown below:

-  **In 2023/24** Budgeted staff replacement labour salaries were increased to reflect the new reality of increased staff absences. Also, an effort was made to reduce costs by cutting back on contract services and reduction from the technology replacement fund, as the District moved to leasing computers and costs reduction in the District administration supplies and services. Also, the District experienced an increase in the Classroom Enhancement Fund.
-  **In 2024/25** the District continued to see a year-over-year increase in legal fees related to employment-related expenditures. Also, utility costs continued to increase as well. The District continued to review various business administrative expenditures for possible efficiencies and reductions without impacting classroom budgets.
-  **In 2025/26** the District was able to decrease year-over-year legal costs which was offset by an increase in fuel and utility costs. The District saw savings in supplies compared to budget through general analysis of the District's procurement practices. There will continue to be an ongoing assessment of value for money on all District expenditures.
-  **In 2026/27, 2027/28, and 2028/29** revenues and costs are held relatively stable with increases anticipated due to inflation. The District is tracking inflationary pressures and expects that, as we approach preparing the full annual budgets for these future years, costs may have to increase beyond what is known to date. However, there is mounting evidence that inflationary pressures may level off over the next couple of years.

The chart below provides a typical distribution of the District's non-staffing related budget:

BUDGETED OPERATING EXPENSES					
(millions)	2025/2026 ACTUAL	2025/2026 BUDGET	2026/2027 BUDGET	2027/2028 BUDGET	2028/2029 BUDGET
Expenses					
Services	\$ 2.45	\$ 2.32	\$ 2.43	\$ 2.50	\$ 2.58
Student Transportation	0.17	0.14	0.13	0.13	0.14
Professional Development	0.88	0.98	1.00	1.03	1.06
Rentals & Leases	0.29	0.12	0.27	0.28	0.29
Dues & Fees	0.08	0.09	0.09	0.09	0.10
Insurance	0.21	0.25	0.25	0.26	0.27
Supplies	3.00	3.39	3.34	3.44	3.54
Utilities	1.53	1.27	1.27	1.31	1.35
Total Services & Supplies	\$ 8.61	\$ 8.56	\$ 8.78	\$ 9.04	\$ 9.31

Multi-Year Operating Surplus/Deficit and Estimated Accumulated Operating Surplus Impact (after balancing 2025/26)

The term Accumulated Operating Surplus refers to the accumulation of prior year funds sitting in a surplus position. The word "surplus" refers to there being net resources available to fund future initiatives and does not indicate that there are excess funds.

An Accumulated Operating Surplus occurs when funding available in a particular year exceeds expenses paid.

Accumulated Operating Surplus Funds (also called “Reserve Funds”) are a **key financial management tool** as they help support effective planning and risk mitigation strategies.

Policy 23 (Financial Planning and Reporting) and Administrative Procedure 500 (Budget Development, Monitoring and Reporting) provide governance of reserve funds and for the priority in which they are used.

This policy outlines:

-  the purpose and use of operating surplus funds,
-  the way in which the Board restricts operating surplus,
-  how financial risk will be mitigated by establishing contingency surplus funds subject to certain limits and criteria.

Accumulated surplus funds are earmarked in the following priority sequence:

-  Funds set aside due to an imposed constraint
-  Funds required to balance an approved budget
-  Funds set aside for anticipated unusual expenses identified by the Board
-  Funds for operations spanning one or multiple school years

There is an expectation for Boards to maintain reasonable unrestricted operating funds to support effective planning, which includes risk mitigation. From time to time, boards may require emergency funds or contingency funds for unexpected increases in expenses or in one-time costs or for decreases in anticipated revenues. In these situations, boards need to have enough funds to continue to provide educational services and maintain regular operations without implementing one-time service cuts.

District revenues consist of funding from the Ministry of Education, and other miscellaneous sources. Given the uncertain nature of the global economy, the board has always taken a conservative approach to forecasting revenues. As a result, the District has ended the year with a surplus.

International Student Program performance has been trending back to pre-COVID enrolment levels. We anticipate these amounts to maintain similar levels to 2025/26 going forward with no expectation for significant growth.

No “Budget Balancing” dollars have been set aside as none are required for the fully balanced 2026/27 Budget.

School Accumulated Surplus Funds - Schools are in the same position as the District with respect to planning for the unforeseen, saving up for certain initiatives and having cost cycles that do not align perfectly with the fiscal year.

The unrestricted funds provide funding for operating situations that cannot be anticipated and budgeted for and/or where it may not be feasible to absorb the cost in any given year, or also, to offset unrealized revenues. The funds set aside in this report make up 1.5% of the balanced 2026/27 Operating Budget Bylaw amount.

Available funding in this report represents estimates that take into consideration the District's 2025/26 Amended Budget and high-level estimates to June 30, 2026. Estimated spending for 2026/27 considers known realities up to September 9, 2026.

Spending estimates for 2026/27, 2027/28 and 2028/29 reflect currently known funding needs where the dollars are presently available. The future availability of funding is not reasonably predictable in these uncertain times. Spending has not been estimated where sufficient initiative information is not yet available or where the funding level available presently would result in deficit spending which is not an option under the School Act.

Availability of funds

For financial planning purposes, it is important to understand the nature of the costs that are being supported from reserve funds.

-  For instance, planned one-time costs do not need to be replenished once the funds are spent.
-  By comparison, continuing costs need a continuing funding source. As reserves are of a one-time nature, the sustainability of such costs needs to be re-evaluated each year anew.

For timely consideration, it is important to know where future accumulated surplus funding will come from and what the likelihood of future funding availability is. The trend of increased enrolment, increased investment income, lease rental revenues offset by increasing inflationary pressures will further impact the availability of additional one-time funding. We anticipate a tight, but balanced budget. This, in turn, will determine whether initiatives that have been funded out of Accumulated Operating Surplus funds can continue or, what other district Operating areas must absorb the financial pressure that this creates.

We are currently forecasting a small surplus in each forecasted year.



Special Purpose Fund Budget

The following Special Purpose Fund schedules provide information on “restricted contributions” where the term “restricted contributions” is defined as legislative or contractual stipulations, or restrictions, as to the use of funds. These funds include, among others, funds that are designated to be Special Purpose Funds by the Ministry of Education (e.g.: Annual Facilities grant), School-Generated funds and Scholarship Funds.

The 2026/27 table below summarizes the estimated opening balance of the Special Purpose funds as of July 1, 2026, the anticipated receipts and expenses for the 2026/27 school year, and the closing balance as at June 30, 2027. Most receipts shown below for 2026/27 are provided by the Ministry of Education and have been announced. All have been incorporated into the 2026/27 Annual Budget.

The funding for many of the District’s Special Purpose Funds shown below, is not announced until March of the year before the funding is provided. Many funds have however exhibited funding patterns over the years that allow for an assumption of predictable continuance as shown in the estimated Special Fund Budget tables for 2026/27 and 2027/28 below.

Description of Special Purpose Funds

ANNUAL FACILITIES GRANT: The Annual Facilities Grant provides funding for planned repair and maintenance costs. This funding can also be used for Capital projects. The expectation is that funding is fully spent during the year, as seen here.
LEARNING IMPROVEMENT GRANT: This grant is intended to provide Education Assistants with additional time for enhanced consultation, collaboration, and planning time, to attend IEP and other school-based meetings. It is allocated in annual consultation with CUPE.
SCHOLARSHIPS: The District manages a group of scholarship and memorial funds on behalf of various families and groups of individuals wishing to provide funding for specific educational initiatives in the memory of special educators and loved ones. The individual funds have different stipulations. Some scholarships are paid from investment income; others draw down the main contribution itself.
SCHOOL GENERATED FUNDS (SGF) are collected and managed directly at our schools with financial oversight by the District. Fundraisers, parent contributions to school trips, PAC donations to the school, etc. are a few of the funding sources reported here.
VARIOUS ANNUAL EDUCATION GRANTS: Several annual, education-initiative-specific funds, largely provided by the Ministry of Education meet the criteria of a special purpose funds and are reported as such. These include the following: StrongStart and Ready-Set-Learn for early learning initiatives, the Federal French Grant which provides supplemental funding for Official Language Education initiatives, Community LINK funding which supports academic achievement and social functioning of vulnerable students.

Description of Special Purpose Funds (continued)

POPARD: The Provincial Outreach Program for Autism Related Disorders (POPARD) provides professional support for school districts around British Columbia with respect to autism related disorders. The program is administered by the District for the Province of British Columbia. The fund is to be spent fully each year.
CLASSROOM ENHANCEMENT FUND: Three Special Purpose Funds, provide the Ministry of Education funding support for the additional costs of teacher staffing, teacher remedies and overhead costs provided by the restored collective agreement language dating back to 2002 under LOU 17.
YOUTH TRAIN IN TRADES: The Youth Train in Trades program is the in-class component of a high school apprenticeship. Youth Train in Trades students are youth apprentices registered with the Industry Training Authority. The Youth Train in Trades programs are usually offered by a partnership between school districts and post-secondary institutions.
NETWORK OF INQUIRY AND INDIGENOUS EDUCATION: The District provides financial services to the Network of Inquiry and Indigenous Education (NOIIE), which is a voluntary network of inquiry-based schools and school districts in British Columbia, with partner networks around the world. Using an inquiry-oriented, evidence-based approach to learning and teaching through the Spiral of Inquiry, teams work towards improving outcomes for all learners in their settings and submit case studies to share their progress in a spirit of generosity, curiosity and growth.

Capital Fund Budget

Capital assets for K-12 are largely Ministry-funded but also include assets funded by the District from Operating or Special Purpose funds and from other Non-Provincial funds as in the case with PAC-funded playground equipment. Ministry-funded capital assets can be Major Capital projects, with a value per project in the millions, including new school buildings, whole building upgrades/replacements or structural seismic projects. Alternatively, they can be Minor Capital projects, including the Ministry-funded projects listed below that provide for partial building upgrades and replacement of aging building systems. The Annual Facility Grant is intended for annual facility maintenance projects to bring facility assets through their anticipated economic useful life and to prevent premature deterioration.

Capital expenditures typically relate to facility enhancements, furniture and equipment, maintenance vehicle replacements, education technology, and infrastructure.

The table below summarizes the anticipated capital budget for 2026/27. The Ministry funded projects and Annual Facility Capital grant consist of Ministry approved Minor Capital projects for 2026/27.

Capital Project Budget 2026/27	Amount
Major Capital – Fernie Elementary School & Child Care (Fiscal 2027/28 completion)	\$ 41,500,000
Gordon Terrace Elementary – Phase 1 Boiler and Heat Ventilators	\$590,000
Gordon Terrace Elementary – Roof Replacement	\$500,000
Fernie Secondary – Interior Construction Upgrades	\$350,000
Laurie Middle, Parkland Middle, TM Roberts Elementary, Mount Baker Secondary – Various Kitchen Upgrades	\$175,000
Bus Replacements	\$750,000
Total	\$ 43,865,000

Capital Budgets for 2027/28 and 2028/29 are comprised of high-level estimates at this early stage. District-funded projects and PAC Playgrounds are base level estimates where actual dollars are not yet available. Accumulated Operating Surplus funded projects have not yet been included. Ministry funded Minor Capital project estimates for these years have been submitted to the Ministry as part of the District's 5-year capital plan submission. The listed projects represent the District's highest priority projects on the capital plan. However, funding is not approved and therefore not guaranteed until the 4th quarter of the school year beforehand. The Ministry-funded Annual Facility Grant is also an estimate. Year-over-year actual receipts have been very consistent and, in the absence of a change in how the Annual Facility Grant is funded, these estimates are anticipated to be close to accurate.

Minor Capital Projects 2027/28

Project	Amount
Gordon Terrace Elementary – Phase 2 Boiler and Heat Ventilators	\$ 648,000
TM Roberts Elementary – Phase 1 Boiler and Heat Ventilators	450,000
Various roof replacements (Priority: Sparwood Secondary, Fernie Maintenance Shop Bus Shops) – Request One Per Year	400,000
Mount Baker Secondary – Window Replacement	375,000
Kootenay Orchards Elementary - Playground	200,000
Foods Infrastructure Grant – Various Kitchen Upgrades	175,000
Bus Replacements – 1 bus	250,000
Total	\$ 2,498,000

Minor Capital Projects 2028/29

Project	Amount
Gordon Terrace Elementary – Phase 3 Boiler and Heat Ventilators	\$ 1,138,000
TM Roberts Elementary – Phase 2 Boiler and Heat Ventilators	2,200,000
Frank J Mitchell Elementary – Electrical Upgrade	300,000
Pinewood Elementary - Playground	200,000
Foods Infrastructure Grant – Various Kitchen Upgrades	175,000
Bus Replacements – 1 bus	250,000
Total	\$ 4,263,000

Minor Capital Projects 2029/30

Project	Amount
Gordon Terrace Elementary – Phase 4 Boiler and Heat Ventilators	\$ 1,288,000
TM Roberts Elementary – Phase 3 Boiler and Heat Ventilators	1,500,000
Frank J Mitchell Elementary – Electrical Upgrade	200,000
Jaffray Elementary - Playground	200,000
Foods Infrastructure Grant – Various Kitchen Upgrades	175,000
Bus Replacements – 1 bus	250,000
Total	\$ 3,613,000

Engagement Process Summary

Requests for input in the annual budget are distributed through local news outlets, social media, the District website, and at public Board meetings. All viewpoints and perspectives are welcomed and help to better develop an informed budget that reflects the unique needs and desires of rightsholders and community partners.

Contacting Management

This multi-year budget report is designed to provide the rightsholders and community partners with a general overview of the District's finances and to demonstrate the District's transparency and accountability for the money it receives. If you have questions about this report or need additional financial information, please contact nick.taylor@sd5.bc.ca.