



FINANCIAL STATEMENTS DISCUSSION and ANALYSIS

For the Year ended June 30, 2026

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INTRODUCTION

The following is a discussion and analysis of the financial performance of Pacific Rim School District (the “District”) for the fiscal year ended June 30, 2026. This report should be read in conjunction with the district’s consolidated financial statements for the same period and is meant to assist the reader.

The purpose of the Financial Statement Discussion and Analysis is to highlight information and provide explanations which enhance the reader’s understanding of the school district’s financial statements as well as the factors that influence the financial results presented in these statements. This report is a summary of the district’s financial activities, based on currently known facts, decisions and conditions. The statements illustrate, in financial terms, how resources have been allocated and consumed during the fiscal year.

The preparation of this financial statement discussion and analysis is management’s responsibility. All dollar amounts are reported to the nearest thousand.

OVERVIEW OF THE SCHOOL DISTRICT

The Pacific Rim School District (PRSD) Board Office and Alberni Valley Schools are situated on the ɥaɥuuti of the c̓šaaʔaɥ, and huupačasʔaɥ. In commitment to reconciliation and learning, we acknowledge and show gratitude for the lands on which we are able to work on, live on, and gather. These lands, the ɥaɥuuti, of the c̓šaaʔaɥ and huupačasʔaɥ, continue to sustain, teach, and nurture us.

We also honour and recognize that PRSD also operates schools in the ɥaɥaɥuuti of the ɭaʔuukʷiʔaɥ, huuɟiiʔaɥ and yuutuʔitʔaɥ Government and we work alongside all nuučaanʔ Nations as well as the Métis Nation of British Columbia to serve the children and youth of the Alberni-Clayoquot region. The district strives to increase awareness, understanding and integration of nuučaanʔ culture, history, and language in all PRSD schools.

The district is home to nearly 4,000 students, 34% of whom are of Indigenous Ancestry, in two neighbourhood secondary schools, eight elementary schools, and one K-12 school. The district has a successful alternate learning centre, a strong French Immersion program, and a thriving international student program.

The district is committed to all student successes and has strong connections to early learning and community wellness and mental health support, as well as the region’s two major post-secondary institutions. The school district employs close to 500 employees.

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

Our Strategic Plan

Our Strategic Plan, as derived through extensive online and face-to-face consultation, places a strong emphasis on achievement for all. Our focus areas are:

- Indigenous Learner Success and Relationships with First Nations
- Student Achievement
- Mental Health and Social-Emotional Well-being
- Safe, Welcoming and Modern Learning Environments
- Environmental Stewardship and Global Citizenship

Within each of these focus areas, we have developed goals that have been integrated into a working Operational Plan that sets the direction that will allow our district to successfully carry out our mission and move us closer to reaching our vision.

Our Values, Mission, and Vision

The mandate of the Board of Education is to maintain a focus on student achievement and well-being, and to participate in decision making that benefits the entire district while representing the interests of the entire electorate.

The Board is responsible for setting the overall strategic direction for the school district. Trustees work together to establish the Board's Strategic Plan which sets the goals for the district and its budget priorities. The Board is committed to the Calls to Action of the Truth and Reconciliation Commission, BC's Declaration on the Rights of Indigenous Peoples Act, and ongoing support for Indigenous ways of knowing and being, as a framework for reconciliation and learning.

As co-governors with the Ministry of Education and Child Care, the Board shares the belief of seamless inclusive universal child care and before-and-after school care options for those families that require it within environments that incorporate the Early Learning Framework, thus fostering connections between the education and child care sectors.

Our vision is to be a safe, welcoming, and engaging learning community that is diverse, equitable, inclusive, accessible, and collaborative, and creates belonging and opportunities for all.

Our overall intent is to educate students in safe, inclusive, and engaging learning environments where every student develops the knowledge, skills, and abilities to be lifelong learners and responsible members of our global society.

Our Core Values

- Integrity
- Respect
- Responsibility
- Equity
- Compassion
- Honesty

Our Schools

Elementary Schools

École Alberni Elementary School
E J Dunn Elementary School
John Howitt Elementary School
Maquinna Elementary School
Tsuma-as Elementary School
Ucluelet Elementary School
Wood Elementary School

Secondary Schools

Alberni District Secondary School
Ucluelet Secondary School

Community Schools

Bamfield Community School
Wickaninnish Community School

Alternate Programs

Eight Avenue Learning Centre
Pacific Rim International Student Program

COMPOSITION OF THE FINANCIAL STATEMENTS

School district financial statements are prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards, except in regard to the accounting for government transfers.

The two key audited statements are:

- The **Statement of Financial Position** summarizes the districts assets and liabilities at June 30, 2026. This provides an indication of the financial health of the school district.
- **The Statement of Operations** summarizes the revenues received and expenses incurred between July 1, 2025 and June 30, 2026. This statement provides an indication of the funding received by the school district and how that funding was spent.
- The **Statement of Changes in Net Financial Assets (Debt)**, the **Statement of Cash Flows** and the **Notes to the Financial Statements** are also audited and provide further analysis of the District's finances.

Financial performance is difficult to ascertain in the audited Financial Statements, as they are a consolidation of three distinct areas:

- The Operating Fund (Schedule 2);
- Special Purpose Funds (Schedule 3); and the
- Capital Fund (Schedule 4).

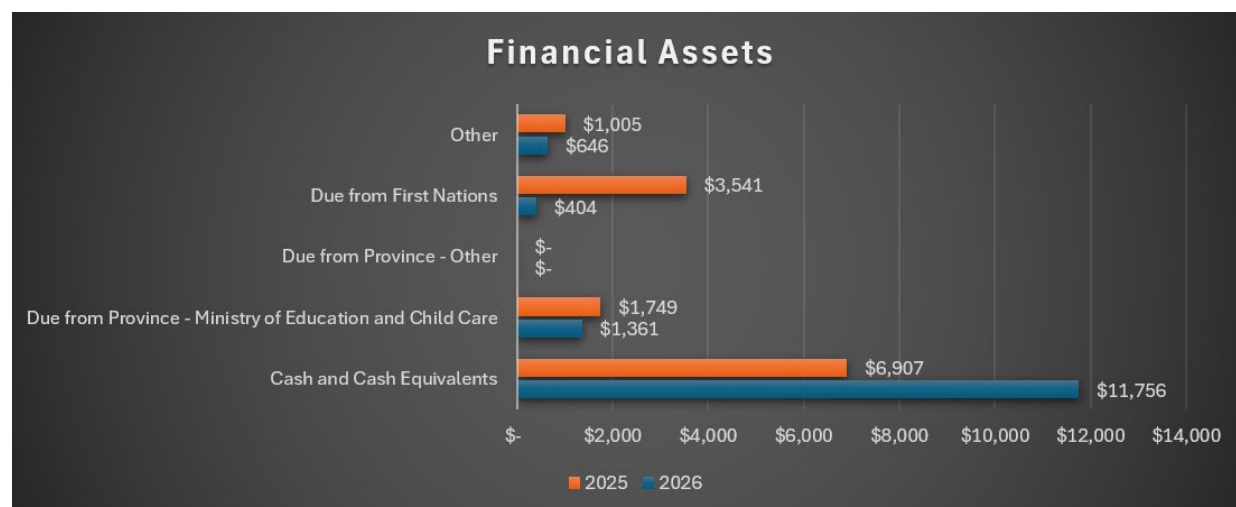
The schedules are included at the end of the financial statements, following the Notes to the Financial Statements, in a format prescribed by the Ministry. The schedules include more details specific to each of the three areas, providing increased transparency and accountability. The balances reported in the schedules, when consolidated, are consistent with the balances reported in the statements.

- **Schedule 1** illustrates a breakdown of the accumulated surplus (deficit) on Statement 1 into the three reporting areas.
- **Schedule 2** provides detail on the Operating Fund, which accounts for the operating grants and other operating revenues. Legislation requires that the District present a balanced budget for the Operating Fund, whereby budgeted expenditure does not exceed budgeted revenue, and any surplus used to balance the budget is appropriated from surpluses carried forward in previous years.
- **Schedule 3** provides detail on the Special Purpose Funds, which are grants and contributions that are directed towards specific activities. As these are targeted grants, any unspent funding is accounted for as deferred revenue, not as accumulated surplus.
- **Schedule 4** provides detail on the Capital Fund, which accounts for the capital assets and capital revenues.

STATEMENT OF FINANCIAL POSITION

Financial Assets are assets available to discharge existing liabilities or finance future operations.

In Thousands	2026	2025	Change
Cash and Cash Equivalents	\$ 11,756	\$ 6,907	\$ 4,849
Due from Province - Ministry of Education and Child Care	\$ 1,361	\$ 1,749	\$ (388)
Due from Province - Other	\$ -	\$ -	\$ -
Due from First Nations	\$ 404	\$ 3,541	\$ (3,137)
Other	\$ 646	\$ 1,005	\$ (358)
Total	\$ 14,167	\$ 13,202	\$ 965



Cash and cash equivalents increased by \$4.849 million during the year. \$1.361 million is due from the Ministry of Education and Child Care (MOECC). Accounts Receivable from First Nations decreased by \$3.137 million. Accounts Receivable – Other, decreased by \$0.358 million.

Timely collection of LEA amounts contributed approximately \$3 million to the increase. In the previous year, there was also an outstanding amount of approximately \$1.6 million related to the bus purchase. LEA funding collections increased due to District staff invoicing in a more timely manner during 2025/26 compared to the prior year.

Prior-year amount in Due from Province was primarily related to the COA draw for the purchase of seven buses. Current-year balance primarily relates to the construction of the childcare facility and CUPE retroactive pay.

The decline in other receivable is mainly due to timely GST claims made during 2025/26 compared to last year (See Note 3 of financial statements).

Liabilities represent obligations that have been incurred by the District. Total liabilities increased from the prior year by \$4.993 million.

In Thousands	2026	2025	Change
Accounts Payable and Accrued Liabilities	\$ 6,677	\$ 7,482	\$ (806)
Unearned Revenue	\$ 678	\$ 661	\$ 17
Deferred Revenue	\$ 3,977	\$ 3,010	\$ 968
Deferred Capital Revenue	\$ 124,101	\$ 119,177	\$ 4,924
Employee Future Benefits	\$ 464	\$ 449	\$ 15
Asset Retirement Obligation	\$ 3,609	\$ 3,498	\$ 111
Debt	\$ 79	\$ 135	\$ (56)
Capital Lease Obligations	\$ 376	\$ 556	\$ (180)
Total	\$ 139,961	\$ 134,968	\$ 4,993

Accounts Payable and Accrued Liabilities are mainly comprised of employee remittances for payroll deductions, accumulated employee vacation, accrued wages and trades payable, which includes a significant amount for capital projects. Trade payables decreased by approximately \$1.2 million, primarily due to the settlement of significant prior-year outstanding invoices, including approximately \$1.6 million related to bus purchases.

Unearned Revenue represents revenues received for future periods in the areas of rental revenue and international student tuition.

Deferred Revenue is externally restricted revenue for specific programs such as Classroom Enhancement Funds (CEF), Community Links, Strong Start, After School Sport and Arts and includes School Generated Funds. Deferred revenue is not recognized until related expenses are incurred. Deferred revenue increased primarily due to higher CEF funding received that remained unutilized at year-end.

Deferred Capital Revenue is revenue to be amortized over the life of the related capital assets. Deferred capital revenue increased primarily due to a \$3.7 million building donation by Metis Nation of BC (MNBC) and various structural upgrades done to buildings utilizing capital funding provided by MOECC.

The Asset Retirement Obligation (ARO) represents the legal obligations associated with future retirement, removal or remediation of hazardous materials such as asbestos. The increase in the

ARO liability during the year reflects updated estimates for higher asbestos removal costs. Other hazardous material costs remain unchanged pending further inspection to obtain updated estimates.



Non-financial assets increased by \$3.8 million during the year.

In Thousands	2026	2025	Change
Tangible Capital Assets	\$ 134,471	\$ 130,672	\$ 3,799
Restricted Assets (Endowments)	\$ 30	\$ 30	\$ -
Prepaid Expenses	\$ 869	\$ 840	\$ 29
Total	\$ 135,369	\$ 131,541	\$ 3,828

Capital Assets include land, buildings, construction projects in progress, furniture, equipment, vehicles and computers. The increase of \$3.8 MM is due to the building donated by MNBC to school district.

Restricted Assets represent the principal portion of the endowment fund received for scholarships. They are considered non-financial assets because they cannot be used to meet the liabilities of the District as they become due.

Prepaid Expenses represent costs that have been paid in advance of the next fiscal year and will become expenses in a future period.

Accumulated Surplus has decreased by \$ 0.2 million.

In Thousands	2026	2025	Change
Operating Fund	\$ 115	\$ 208	\$ (94)
Special Purpose Funds	\$ 30	\$ 30	\$ -
Capital Fund	\$ 9,430	\$ 9,536	\$ (106)
Total	\$ 9,575	\$ 9,775	\$ (200)

Accumulated surplus represents the Board's residual interest in its assets after deducting liabilities. Most of this balance is unavailable to fund operations as it is either restricted or has already been used to invest in buildings, equipment and other capital assets.

STATEMENT OF OPERATIONS

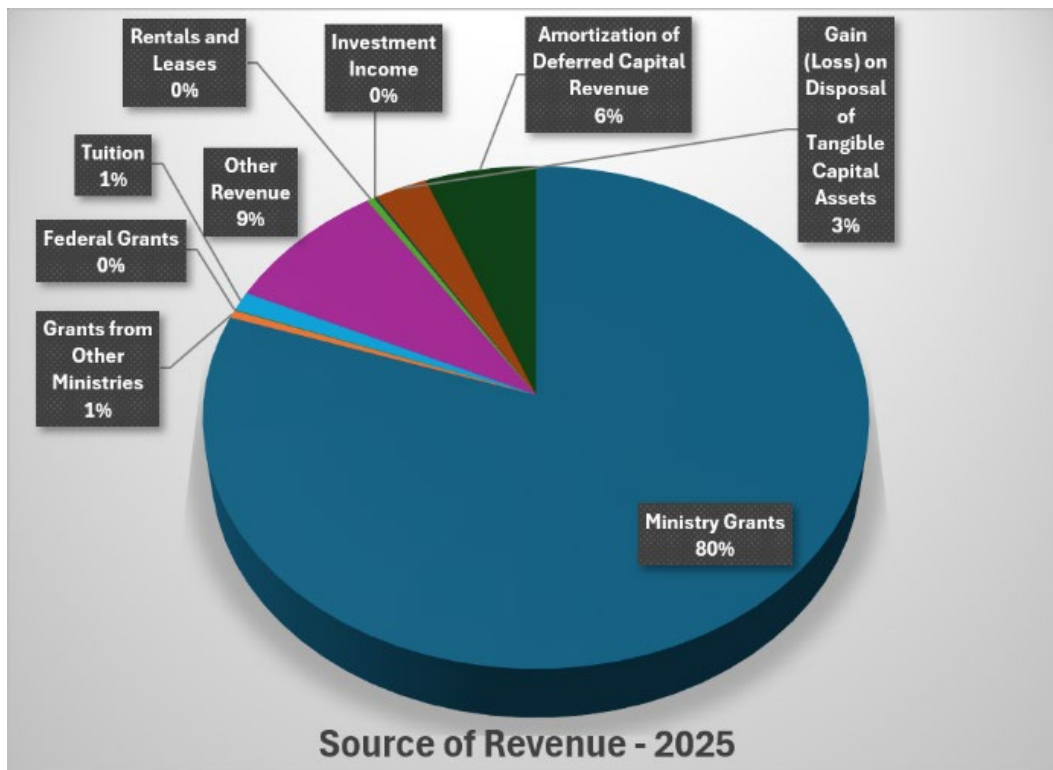
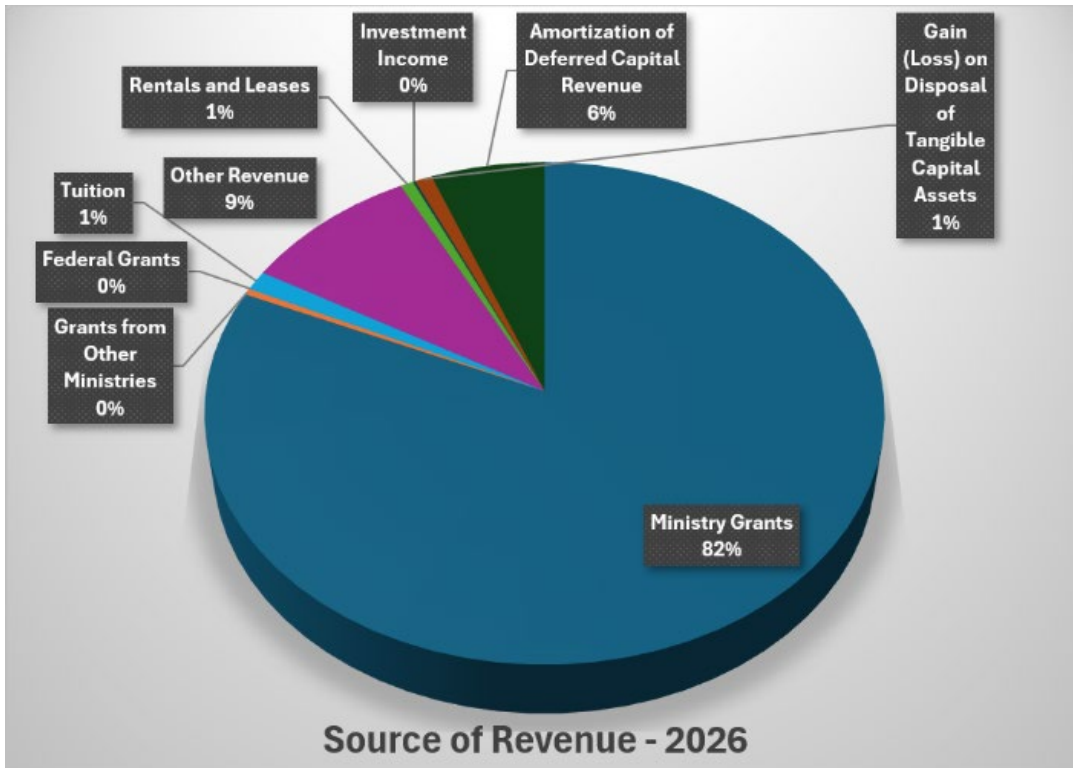
The Statement of Operations is a consolidation of revenues and expenditure in the operating, special purpose and capital funds. Each of these funds is discussed separately below.

Consolidated revenues from all sources increased from \$68.524 million in 2024/25 to \$71.474 million in 2025/26. 82% of total revenue is from the Ministry of Education and Child Care and the other 18% comes from several different sources, such as tuition from international students, rentals and leases of school district property, investment income and amortization of deferred revenue.

The increase in MOECC funding includes approximately \$2.0 million related to increased CEF funding used to support students in the classroom through the restoration of bargained language, as well as approximately \$1.1 million in labour settlement funding.

The change in gain on sale of tangible capital assets is primarily due to the disposal of two school properties in the prior year, compared to the sale of one property in the current year.

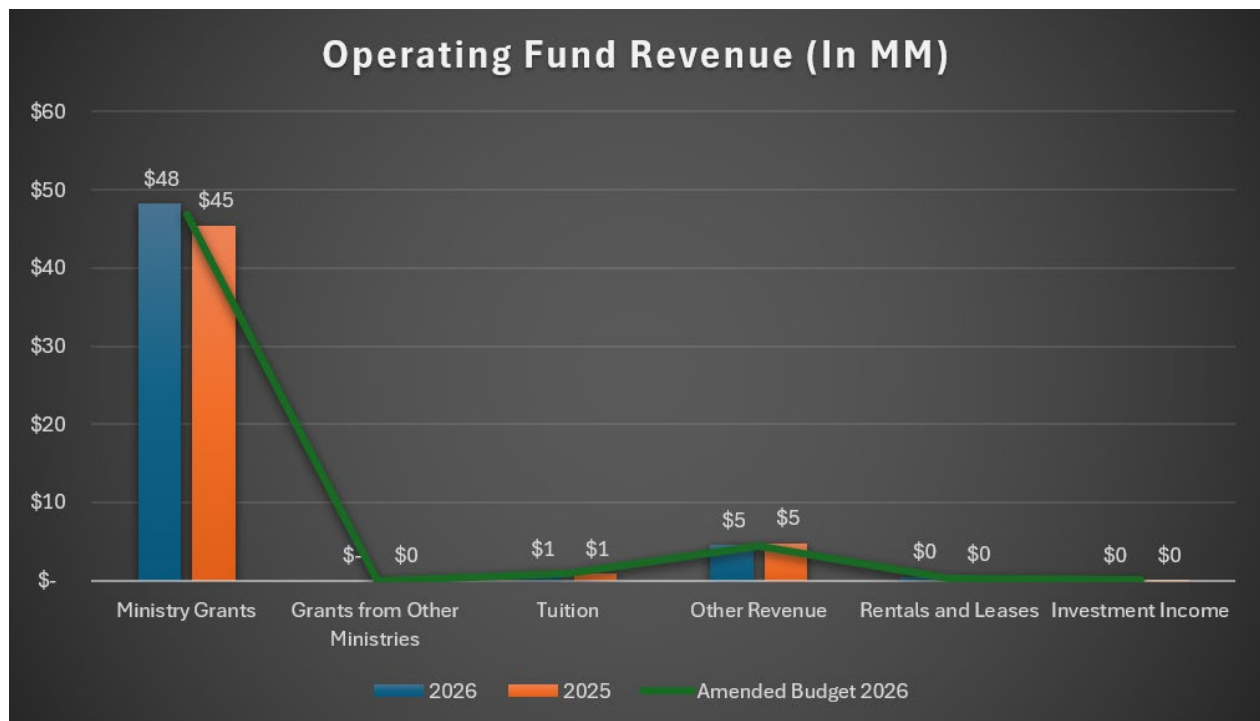
In Thousands	2026	2025	Change
Ministry Grants	\$ 58,309	\$ 54,939	\$ 3,370
Grants from Other Ministries	\$ 288	\$ 340	\$ (52)
Federal Grants	\$ -	\$ 34	\$ (34)
Tuition	\$ 902	\$ 852	\$ 50
Other Revenue	\$ 6,556	\$ 6,044	\$ 512
Rentals and Leases	\$ 484	\$ 280	\$ 204
Investment Income	\$ 92	\$ 80	\$ 12
Gain (Loss) on Disposal of Tangible Capital Assets	\$ 639	\$ 1,935	\$ (1,296)
Amortization of Deferred Capital Revenue	\$ 4,205	\$ 4,020	\$ 184
Total	\$ 71,474	\$ 68,524	\$ 2,950



Operating Fund revenue

This District received \$48.270 million from the Ministry of Education and Child Care in the form of an operating grant, which is based on student enrolment and other student, staffing and geographical factors. The remaining funding totaled \$6.034 million.

In Thousands	2026	2025	Amended Annual Budget	Variance from Prior Year	Variance from Budget
Ministry Grants	\$ 48,270	\$ 45,454	\$ 46,765	\$ 2,815	\$ 1,505
Grants from Other Ministries	\$ -	\$ 40	\$ -	\$ (40)	\$ -
Tuition	\$ 902	\$ 852	\$ 838	\$ 50	\$ 64
Other Revenue	\$ 4,556	\$ 4,799	\$ 4,400	\$ (243)	\$ 156
Rentals and Leases	\$ 484	\$ 280	\$ 270	\$ 204	\$ 214
Investment Income	\$ 92	\$ 80	\$ 76	\$ 12	\$ 16
Total	\$ 54,304	\$ 51,506	\$ 52,349	\$ 2,798	\$ 1,954

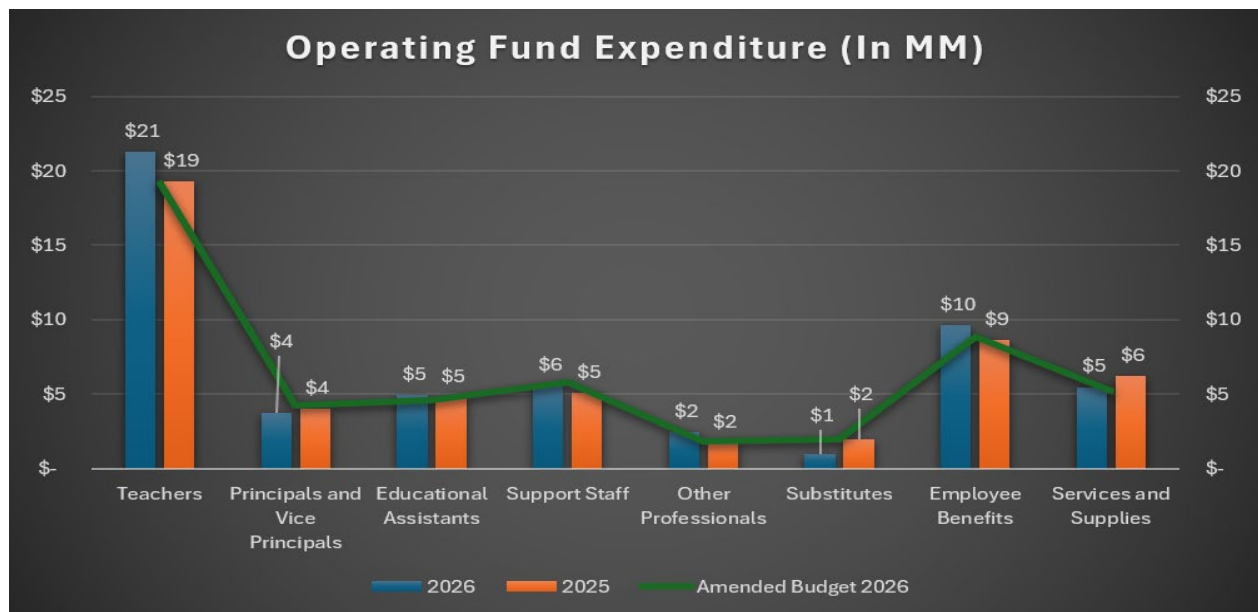


Revenues increased by \$2.798 million from the prior year and \$1.954 million from the budget. Ministry grants are higher than anticipated due to labor settlement funding and retro pay receivable.

Operating Fund expenditures

Operating Fund expenditures totaled \$53.973 million for the year.

In Thousands	2026	2025	Amended Annual Budget	Variance from Prior Year	Variance from Budget
Teachers	\$ 21,283	\$ 19,310	\$ 19,148	\$ 1,973	\$ 2,136
Principals and Vice Principals	\$ 3,736	\$ 4,024	\$ 4,252	\$ (287)	\$ (515)
Educational Assistants	\$ 4,924	\$ 4,810	\$ 4,599	\$ 114	\$ 325
Support Staff	\$ 5,533	\$ 5,097	\$ 5,760	\$ 436	\$ (227)
Other Professionals	\$ 2,457	\$ 1,737	\$ 1,822	\$ 720	\$ 635
Substitutes	\$ 955	\$ 1,925	\$ 1,929	\$ (970)	\$ (974)
	\$ 38,888	\$ 36,902	\$ 37,509	\$ 1,986	\$ 1,379
Employee Benefits	\$ 9,620	\$ 8,627	\$ 8,849	\$ 993	\$ 771
Services and Supplies	\$ 5,464	\$ 6,224	\$ 5,233	\$ (760)	\$ 232
Total	\$ 53,973	\$ 51,753	\$ 51,591	\$ 2,219	\$ 2,381



The increase in teachers' expenses was primarily driven by the 3% BCTF collective agreement increase.

Principal and Vice Principal (PVP) expenses decreased due to the correction of the prior-year allocation of Director of Instruction salaries, which were reclassified from PVP to Other Professionals. The increase in Other Professionals expenses was primarily due to this reclassification and 2%–2.5% wage increases for exempt employees.

Support staff expenses increased primarily due to the CUPE year-end accrual. The decrease in substitute costs reflects the District's efforts to optimize the use of existing resources.

Services and supplies expenses decreased primarily due to lower West Coast transportation costs following the transition of busing services in-house in the prior year, supported by Ministry funding for the purchase of new buses.

Prior-year employee benefits expense was lower due to the implementation of a new accrual process at the end of the year, which resulted in only 10 months of benefits expense being

recognized in the prior year compared to 12 months in the current year.

Operating Surplus

The District ended the fiscal year with an accumulated operating surplus of \$114,775. The 2025/26 Amended Annual Budget anticipated an operating surplus of \$758,000, which was planned to be transferred to other funds to support capital asset purchases and local capital savings.

The District's actual operating surplus for 2025/26 was \$331,001, of which \$424,725 was transferred to other funds for capital asset purchases. This resulted in a lower accumulated operating surplus than originally budgeted.

Given the District's limited accumulated operating surplus, staff will review the 2026/27 Preliminary Annual Budget to ensure a gradual rebuilding of the District's contingency reserve. A contingency reserve is important as it provides:

- elimination of any deficit arising at the end of a fiscal year of operation
- funding for new cost pressures not known at the time of budget development
- severance costs upon termination of employment
- legal action not covered by insurance
- coverage for unfunded disaster recovery costs
- extraordinary utilities cost pressures
- replacement of equipment essential to the continuation of educational programming
- assistance in balancing future years budgets
- unfunded increased that are not covered by additional grants

Special Purpose Funds

Special Purpose Funds (SPF) revenues are restricted grants designated for specific purposes or programs. Revenue is recognized only when it is expended, not when it is received. Balances can often be deferred to subsequent years for the intended purpose. Some funds require Ministry approval to carry forward and other funds that carry a surplus at the end of the year reduce the funding received in the next fiscal year.

In Thousands	2026	2025	Amended Annual Budget	Variance from Prior Year	Variance from Budget
Ministry of Education and Child Care	\$ 10,039	\$ 9,045	\$ 10,844	\$ 994	\$ (805)
Other	\$ 288	\$ 300	\$ 281	\$ (12)	\$ 7
Federal Grants	\$ -	\$ 34	\$ 8	\$ (34)	\$ (8)
Other Revenue	\$ 1,929	\$ 1,244	\$ 1,046	\$ 684	\$ 883
Total	\$ 12,256	\$ 10,624	\$ 12,179	\$ 1,632	\$ 77

The District expended \$12.256 million in Special Purpose Funds in the year.

In Thousands	2026	2025	Amended Annual Budget	Variance from Prior Year	Variance from Budget
Instruction	\$ 11,605	\$ 10,120	\$ 11,759	\$ 1,485	\$ (154)
District Administration	\$ 395	\$ 137	\$ 137	\$ 258	\$ 258
Operations and Maintenance	\$ 212	\$ 212	\$ 212	\$ -	\$ -
Transportation and Housing	\$ 44	\$ 155	\$ 72	\$ (111)	\$ (28)
Total	\$ 12,256	\$ 10,624	\$ 12,179	\$ 1,632	\$ 77

The primary areas of SPF spending during the year included \$6.8 million for classroom enhancement, \$1.8 million for various programs through school-generated funds, and \$1.0 million for CommunityLINK.

Program	Expense	% of Total
Classroom Enhancement Fund - Staffing	\$ 4,991,139	40.72%
School Generated Funds	\$ 1,828,892	14.92%
Classroom Enhancement Fund - Remedies	\$ 1,694,803	13.83%
CommunityLINK	\$ 1,019,659	8.32%
Feeding Futures Fund	\$ 460,221	3.76%
PRP Kackaamin	\$ 287,784	2.35%
Annual Facility Grant - Operating	\$ 211,812	1.73%
Learning Improvement Fund	\$ 193,155	1.58%
National School Food Program	\$ 181,141	1.48%
ECL (Early Care & Learning)	\$ 174,994	1.43%
Classroom Enhancement Fund - Overhead	\$ 140,790	1.15%
First Nation Student Transportation	\$ 134,629	1.10%
OLEP	\$ 129,720	1.06%
Public Safety & Solicitor General	\$ 127,133	1.04%
Professional Learning Grant	\$ 119,763	0.98%
Strong Start	\$ 107,631	0.88%
After School Sports & Arts	\$ 85,463	0.70%
Early Years Family Hub	\$ 73,900	0.60%
Scholarships and Bursaries	\$ 71,310	0.58%
Mental Health in Schools	\$ 55,000	0.45%
Student & Family Affordability	\$ 41,501	0.34%
JUST B4	\$ 41,321	0.34%
Ready, Set, Learn	\$ 30,722	0.25%
School Foods Coordinated Procurement	\$ 30,240	0.25%
Salmonid Program	\$ 16,365	0.13%
SEY2KT (Early Years to Kindergarten)	\$ 5,446	0.04%
School Meals Program	\$ 965	0.01%
Elementary Sports Council	\$ 434	0.00%
Total	\$ 12,255,933	100%

Capital Fund

Revenues are primarily recognized through the amortization of deferred capital revenue over the useful life of the related tangible capital assets.

In Thousands	2026	2025	Amended Annual Budget	Variance from Prior Year	Variance from Budget
Ministry of Education and Child Care	\$ -	\$ 439	\$ -	\$ (439)	\$ -
Other Revenue	\$ 71	\$ -	\$ -	\$ 71	\$ 71
Gain (Loss) on Disposal of Tangible Capital Assets	\$ 639	\$ 1,935	\$ -	\$ (1,296)	\$ 639
Amortization of Deferred Capital Revenue	\$ 4,205	\$ 4,020	\$ 4,000	\$ 184	\$ 205
Total	\$ 4,915	\$ 6,395	\$ 4,000	\$ (1,480)	\$ 915

Expenditures include amortization of tangible capital assets, as well as interest payments on capital loans and leases.

In Thousands	2026	2025	Amended Annual Budget	Variance from Prior Year	Variance from Budget
Operations and Maintenance	\$ -	\$ 272	\$ -	\$ (272)	\$ -
Amortization of Tangible Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
- Operations and Maintenance	\$ 3,991	\$ 4,001	\$ 3,700	\$ (10)	\$ 291
- Transportation and Housing	\$ 1,305	\$ 1,249	\$ 1,300	\$ 56	\$ 5
- Accretion of Asset Retirement Obligation Cost	\$ 111	\$ (297)	\$ -	\$ 408	\$ 111
Debt Services	\$ -	\$ -	\$ -	\$ -	\$ -
- Capital Lease Interest	\$ 38	\$ 45	\$ 45	\$ (7)	\$ (7)
- Capital Loan Interest	\$ 1	\$ 7	\$ 8	\$ (5)	\$ (6)
Total	\$ 5,446	\$ 5,276	\$ 5,053	\$ 170	\$ 393

The District received \$5.345 million from MECC and \$3.783 million from MNBC related to the donated building in capital revenue during 2025/26. Of this amount, \$1.249 million remained unspent and was recorded as unspent deferred capital revenue at year-end.

The District invested \$14.070 million in capital additions, of which \$5.950 million related to projects which were work in progress as of year-end 2024/25 funded from prior-year resources and \$8.121 million was funded from current-year capital revenue. The District also invested \$560,000 in work in progress.

In addition, the District contributed \$335,000 from the operating fund toward the construction of childcare facilities.

Asset retirement obligation expenses decreased in the prior year due to the disposal of properties by the District. The per-square-foot cost estimate till the end of last year continued to be based on the 2022/23 cost estimates. During 2025/26, the District increased the liability based on updated cost estimates for asbestos removal work. The liability also includes estimated costs associated with the removal of other hazardous materials, which have not yet been updated. The District plans to complete a more comprehensive inspection in 2026/27 and update the related estimates accordingly.

SUMMARY OF OTHER SIGNIFICANT MATTERS

The District submitted a balanced Annual Budget to the Ministry of Education for the 2026/27 Fiscal Year that continues to deliver the mix of programs and services currently offered to students in our schools. The 2025/26 actuals show the district needing to use \$93,724 of our operating surplus, leaving only \$114,775 in operating surplus which is internally restricted. Give the District's limited accumulated operating surplus, careful monitoring of 2026/27 financial performance will be essential. Management will closely track budget-to actual results throughout the year to identify emerging pressures early and take corrective action where necessary to maintain financial stability.

CONTACTING MANAGEMENT

This financial report is designed to provide a general overview of the School District's finances and to demonstrate accountability for the public fund received by the school district. If you have questions about the financial report, please contact the Office of the Secretary Treasurer at SecretaryTreasurer@sd70.bc.ca.

You can also find additional information on the district, and its strategic vision, on our website: www.sd70.bc.ca.