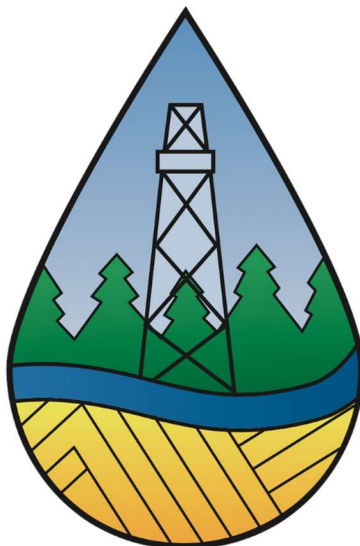


For the year ended June 30, 2026

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

School District No. 60 (Peace River North) is located on the traditional territory of the Tsáá Ché Ne Dane within Treaty 8.



**School District 60
Peace River North**

Contents

The purpose of the Financial Statement Discussion and Analysis (FSDA) 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 influenced the financial results presented in the statements. Therefore, the FSDA should be read in conjunction with the audited financial statements and accompanying notes for School District No. 60 (Peace River North) for the year ended June 30, 2026.

This report is a summary of the District's financial activities based on currently known facts, decisions, and conditions. The results of the current year are discussed in comparison with the prior year and budget.

Overall, as of June 30, 2026, the District maintained a stable financial position and received an unmodified audit opinion. This position can be attributed to sound financial management, planning, and governance.

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Overview of School District No. 60

COMPOSITION

School District No. 60 is a progressive and growing district comprised of 23 schools serving approximately 6,000 students in both our brick-and-mortar schools and online learning. Our schools range in size, number and services offered; this includes a Distance Education School, three two-room rural schools and four rural community schools that offer elementary to secondary programming. The major center, Fort St John, hosts eight modern elementary schools, two middle schools, and one senior secondary school (two locations). There are three elementary schools in the surrounding communities of Taylor, Charlie Lake and Baldonnel. The Key Learning Center is a Provincial Online Learning School serving students across the province. Our student population is ethnically and demographically diverse. The District's character is also diverse with a blend of rural and urban populations, partnered with a strong northern influence and a community philosophy that values personal resilience, the entrepreneurial spirit, and hard work.

The District encompasses the City of Fort St. John, the municipalities of Taylor and Hudson's Hope and many other communities which represent a population of 34,676 (2021 census). The District's annual consolidated budget is \$108.8 million, compared with \$104.6 million in 2024/25.

MISSION

All of our students will graduate, crossing the stage with dignity, purpose and options.

VALUES

The five core values that guide the work of the District include:

Respect - Compassion - Honesty - Responsibility – Relationships

STRATEGIC PRIORITIES:

STUDENT LEARNING

- School District 60 will nurture an engaging and productive learning environment where every student receives the necessary support, resources, and opportunities to thrive and succeed.

PEOPLE DEVELOPMENT

- School District 60 will foster a welcoming and inclusive environment that prioritizes the well-being, development, and professional growth of all employees.

OPERATIONS & FACILITIES

- School District 60 will provide facilities and maintain a safe and supportive learning environment, appropriately equipped to facilitate quality teaching and learning.

GOVERNANCE

- School District 60 Board and leaders will prioritize collaboration, accountability, and transparency in ensuring student-centered decision-making.

TRUTH & RECONCILIATION

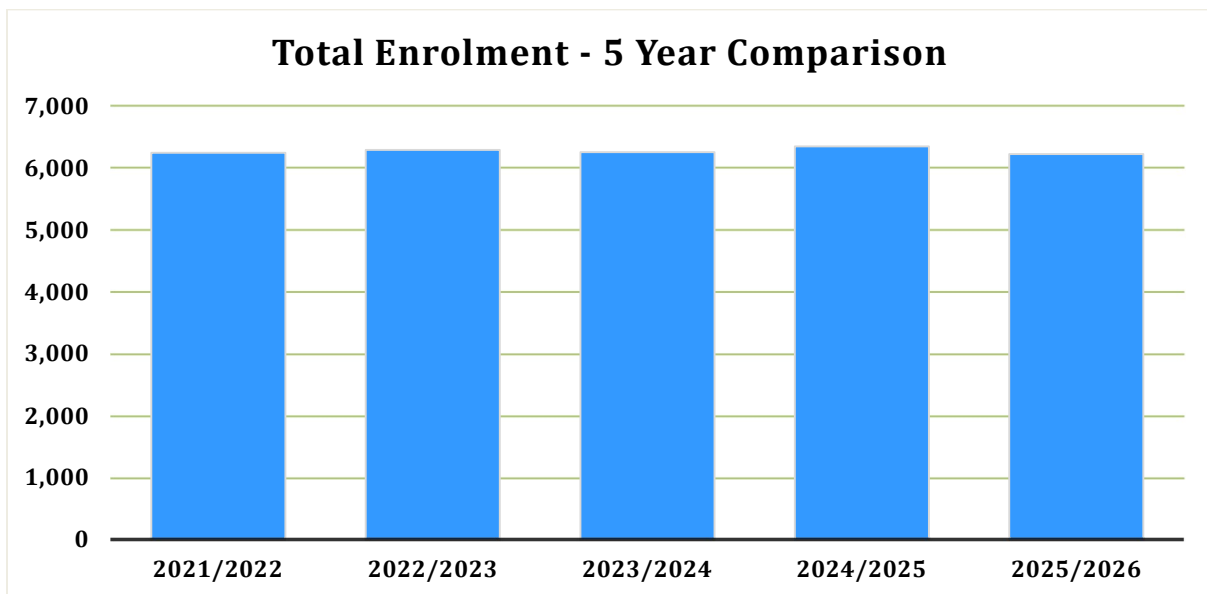
- School District 60 recognizes that we operate on the traditional territory of the Dane-zaa within Treaty 8 and will focus on building strong connections with local Indigenous communities and integrating Indigenous knowledge and culture into learning and the school community. All Indigenous students need to feel that they are valued and respected.

Enrolment

Provincial operating grant funding is primarily influenced by funded student enrolment, student needs, and geographic factors. Total funded FTE decreased from 6,353.257 in 2024/25 to 6,228.063 in 2025/26, a decrease of 125.194 FTE, or approximately 2.0%. Enrolment changes affect operating grant revenue and inform decisions related to staffing, educational programming, supplies, and facility utilization.

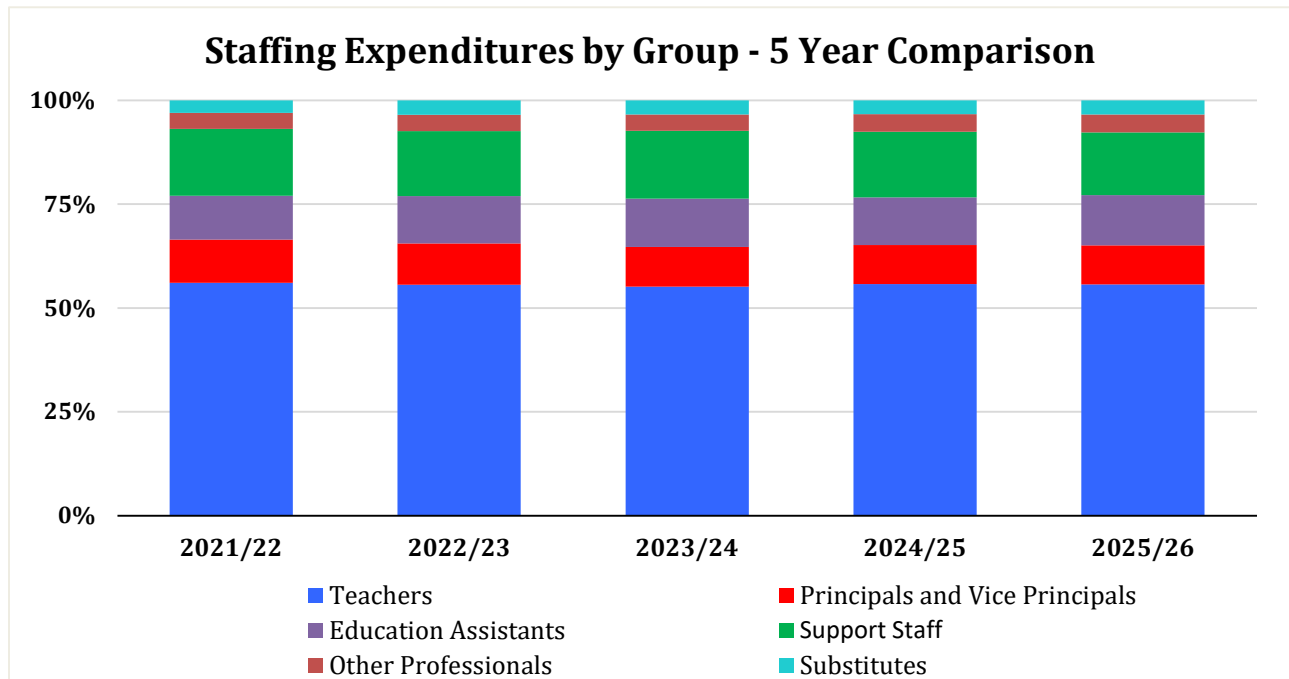
	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
School Age	6,239.313	6,282.688	6,247.25	6,338.381	6,210.375
Adult	13.500	12.875	14.500	14.375	17.4375
Other	0.000	0.250	0.250	0.500	0.250
Total	6,252.813	6,295.813	6,262.000	6,353.257	6,228.063

***Based on funded FTE enrolment**



Staffing

Staffing-related compensation has remained relatively consistent as a proportion of total District expenditures over the past five years. Salaries and benefits represented 78.53% of total District expenses in 2025/26, compared with 78.21% in 2024/25.



Capital Projects and Activities for 2025-2026

Project	Type	Status
Wonowon Elementary School	New Construction	Completed
Dr. Kearney Prefab Addition	New Construction	Completed
Robert Ogilvie Childcare	New Construction	In Progress
Duncan Cran HVAC Replacement	Upgrades	Completed
Five Replacement Buses	Upgrades	Completed
Canteen Upgrades	Upgrades	Completed
Upper Halfway Roof Replacement	Upgrades	Completed
Ongoing technology upgrades	Upgrades	In Progress
Ongoing building abatement, repairs and optimization	Maintenance	In Progress

The District continued to invest in facilities, transportation, and technology to support safe, functional, and effective learning environments. During the year, the District completed the construction of Wonowon Elementary School, which replaced the previous facility, and the Dr. Kearney prefab addition, which added eight classrooms of capacity. Construction of the Robert Ogilvie childcare facility remained in progress at year-end and is expected to be operational for the 2026/27 school year.

The District also completed several facility and operational upgrades, including the Duncan Cran HVAC replacement, canteen upgrades at several schools, the Upper Halfway School roof replacement, and the acquisition of five replacement buses. These investments support facility reliability, student and staff safety, and the ongoing delivery of educational services.

Investment in technology, building abatement, security, accessibility, energy efficiency, and facility repairs will continue through the District's ongoing maintenance and capital-planning processes. Projects will continue to be assessed and prioritized based on facility condition, operational requirements, available funding, and the needs of students and staff.

Understanding the Financial Statements

The District uses fund accounting to separately account for resources based on the purposes and restrictions associated with those resources. The District reports its activities through the Operating Fund, Special Purpose Funds, and Capital Fund. This structure supports transparency and demonstrates that restricted funding has been used for its intended purpose.

Analysis of the Financial Statements

Financial Assets are assets that can be used to pay liabilities and provide working capital for normal operations.

Liabilities are obligations to others arising from prior transactions, the settlement of which will require the use of current and future financial assets.

Tangible capital assets are non-financial assets used in providing the services of the District and include buildings, equipment, furniture, technology and vehicles.

Key Financial Statements

- Statement of Financial Position (Statement 1)
 - Summarizes financial assets, non-financial assets, liabilities and accumulated surplus.
 - Provides an indication of the District's financial health.
- Statement of Operations (Statement 2)
 - Summarizes revenues received and expenses incurred from July 1, 2025 to June 30, 2026.
 - Provides an indication of funding received and how it was spent.
- Statement of Changes in Net Debt (Statement 4)
 - Reports the items that explain the difference between the surplus or deficit and the change in net financial assets or net debt for the year.
- Statement of Cash Flows (Statement 5)
 - Is a bridge between the Statement of Financial Position and the Statement of Operations that shows how money moved in and out of the District.
- Notes to the Financial Statements
 - Provide information as to the items that govern the School District as well as further clarification of the numbers in the statements.

Schedules

Schedules at the end of the notes section (pages 27-42) provide detailed information to each of the three funds: Operating, Special Purpose, and Capital Funds. The balances in the schedules, when combined, provide information to the financial statements. These schedules are:

Schedule 1 - Accumulated Surplus

- Summarizes the District's accumulated surplus by fund and the changes in those balances during the year for the Operating Fund, Special Purpose Funds and Capital Fund.

Schedule 2 - Operating Fund

- Accounts for district grants and other operating revenues as well as district operating expenses.
- The operating fund includes operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance and transportation. Other revenue streams include international student tuition, rentals and leases and investment income.
- There is targeted funding included in the operating fund of the district in the form of Indigenous education and English Language Learning. These funds are expended based on the requirements of the funding.
- Any accumulated operating surplus is carried forward and may be unrestricted or internally restricted by the Board for specific purposes and to reduce the financial risk of unforeseen circumstances in following years.

Schedule 3 - Special Purpose Funds

- Special Purpose Funds account for grants and contributions that are restricted for specific programs or activities. Revenue is generally recognized as the related eligible expenditures are incurred. Unspent restricted funding is reported as deferred revenue and carried forward for use in accordance with the applicable funding terms. This fund includes programs, such as the Annual Facility Grant, Learning Improvement Fund, Classroom Enhancement Fund, CommunityLink, SWIS and more.

Schedule 4 - Capital Fund

- Accounts for investments in and financial activities related to tangible capital assets, including land, buildings, furniture, computers, and equipment.
- This funding comes from specific funding requests put in by the District and funded from the Ministry of Education and Child Care (MECC) or from operating.
- Accounts for local capital, as well as bylaw capital and MECC restricted capital.

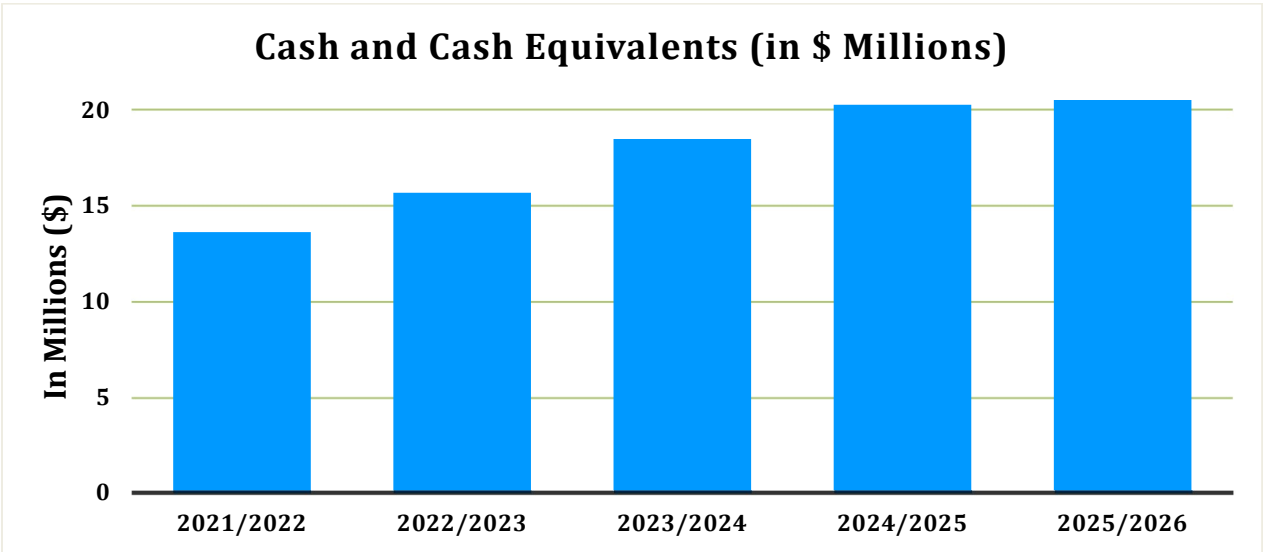
The Schedules at the end of the notes to the financial statements provide more details specific to each of the three funds.

Statement of Financial Position - Statement 1

Statement of Financial Position Summary School District 60 (Peace River North) Year Ending June 30, 2026				
	30-Jun-26 Actual	30-Jun-25 Actual	Variance \$	Variance %
Financial Assets				
Cash and Cash Equivalents	21,204,627	20,280,479	924,148	4.56%
Accounts Receivable	1,473,217	2,420,108	-946,891	-39.13%
Inventories for Resale	116,477	116,477	-	0.00%
Total Financial Assets	22,794,321	22,817,064	-22,743	-0.10%
Liabilities				
Accounts Payable and Accrued Liabilities	8,551,697	8,533,193	18,504	0.22%
Unearned Revenue	207,185	151,600	55,585	36.67%
Deferred Revenue	5,853,924	5,739,505	114,419	1.99%
Deferred Capital Revenue	130,641,209	115,843,344	14,797,865	12.77%
Employee Future Benefits	1,746,735	1,803,820	-57,085	-3.16%
Asset Retirement Obligation	4,286,868	6,242,260	-1,955,392	-31.33%
Total Liabilities	151,287,618	138,313,722	12,973,896	9.38%
Net Debt	-128,493,297	-115,496,658	-12,996,639	11.25%
Non-Financial Assets				
Tangible Capital Assets	157,004,244	142,247,239	14,757,005	10.37%
Prepaid Expenses	114,024	257,156	-143,132	-55.66%
Supplies Inventory	4,066	4066	-	0.00%
Total Non-Financial Assets	157,122,334	142,508,461	14,613,873	10.25%
Accumulated Surplus (Deficit)	28,629,037	27,011,803	1,617,234	5.99%

Cash and Cash Equivalents:

Cash and cash equivalents increased from \$20.28 million at June 30, 2025 to \$21.20 million at June 30, 2026, an increase of approximately \$0.92 million or 4.5%. The cash balance is not entirely available for new initiatives because portions support restricted Special Purpose and Capital Fund activities. Cash is also required to settle accounts payable, accrued liabilities, and other obligations arising through normal operations.



Asset Retirement Obligation:

On July 1, 2022, school districts adopted Canadian Public Sector Accounting Standard PS 3280 Asset Retirement Obligations (ARO). This new standard addresses the recognition, measurement, presentation, and disclosure of legal obligations

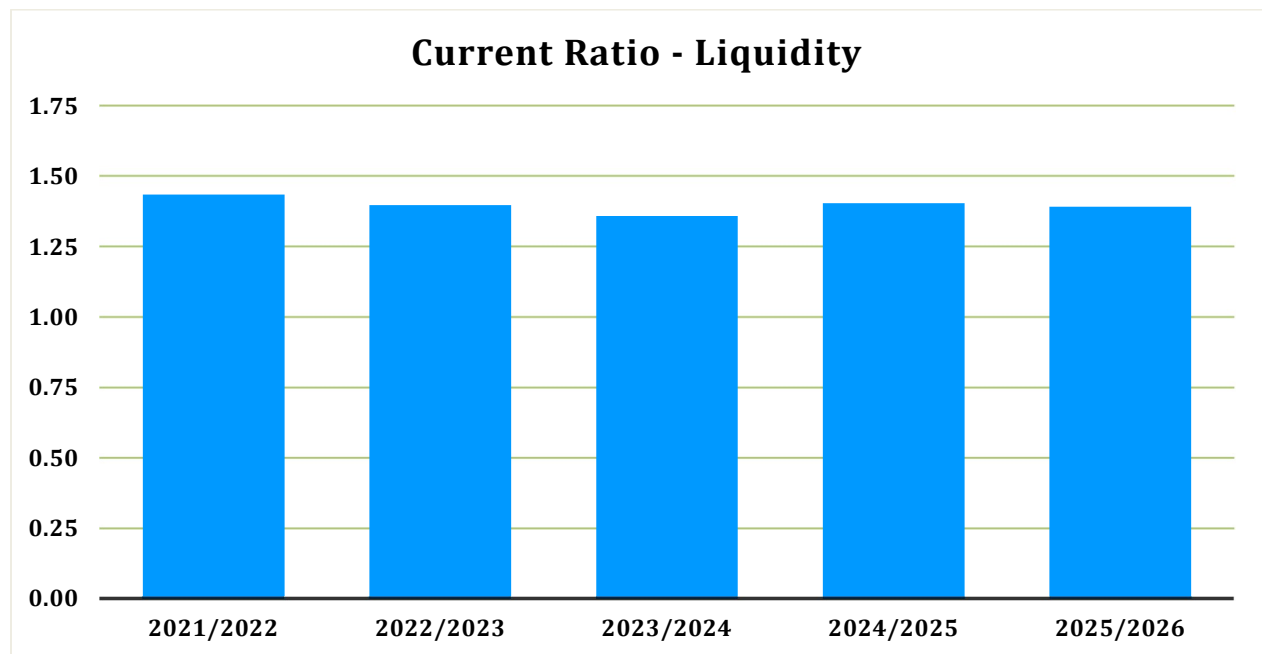
associated with the retirement of certain tangible capital assets such as the future removal or remediation of asbestos-containing materials and other hazardous materials in buildings that will undergo major renovation or demolition in the future.

Statement of Financial Position – Liquidity Analysis

Current Ratio:

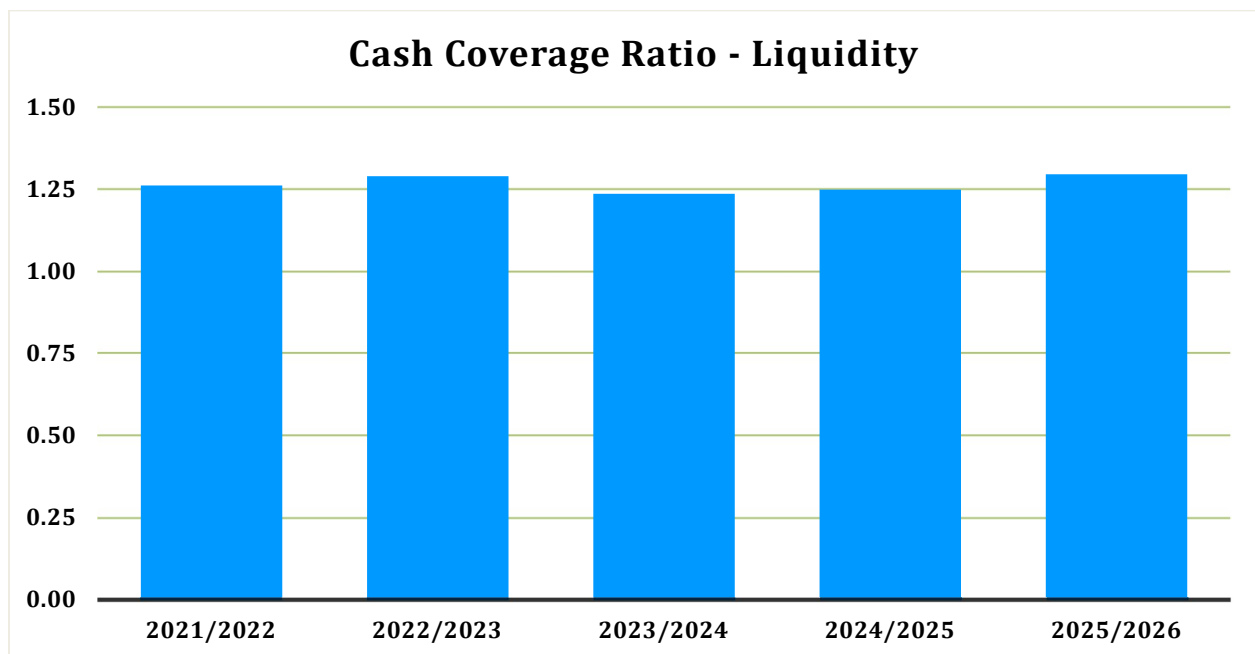
The current ratio is calculated by dividing current assets by current liabilities. A ratio of 1.0 or greater indicates that current assets equal or exceed current liabilities.

The current year's current liabilities are equal to total liabilities less deferred capital revenue and the asset retirement obligation. As of June 30, 2026, the district is reporting a current ratio of 1.39 compared to 1.41 at June 30, 2025. The ratio has remained relatively stable over the five-year period.



Cash Coverage Ratio:

The cash coverage ratio is a tool used to assess the District's ability to meet its current liabilities. It is the result of cash and cash equivalents divided by current liabilities and determines how quickly obligations can be met. A ratio over 1 indicates that the District has enough cash on hand to satisfy all obligations. As of June 30, 2026, the ratio was 1.30, compared with 1.25 at June 30, 2025.



Accumulated Surplus

Accumulated Surplus is comprised of the operating fund, special purpose fund and capital fund surpluses. Operating surplus is divided into two categories: Internally Restricted (appropriated by the Board) and Unrestricted Operating Surplus.

Operating Fund:

Internally Restricted (appropriated by the Board) for:

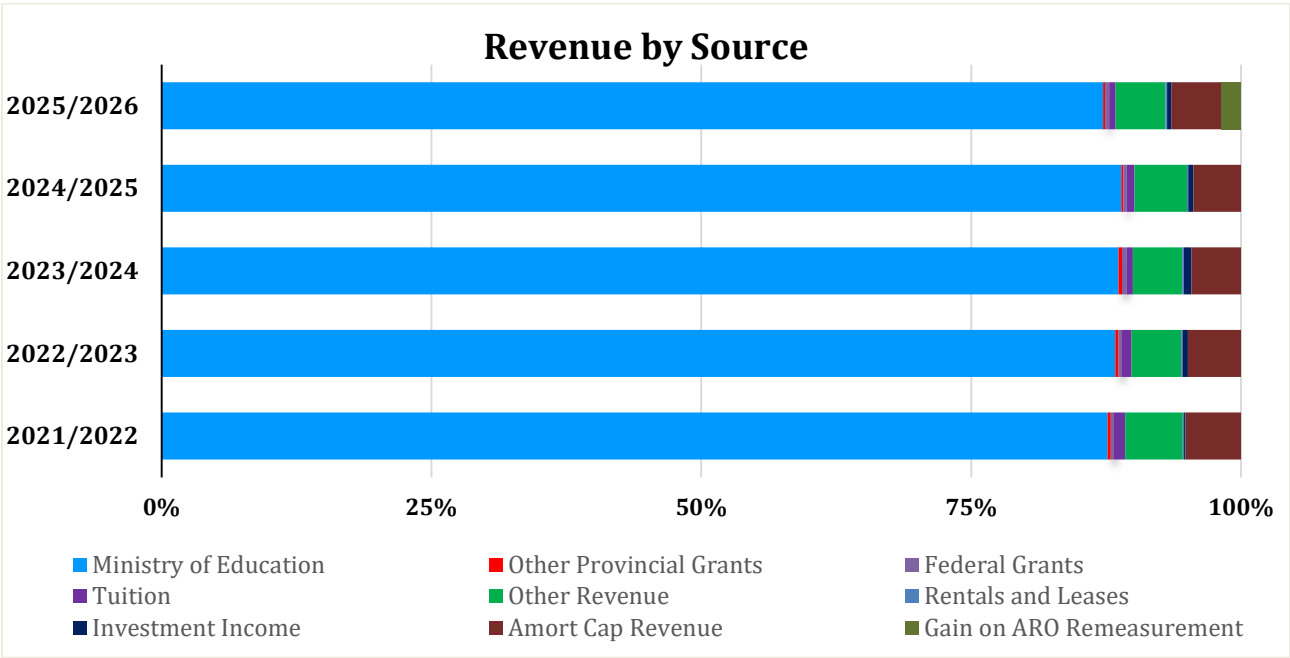
School Based Budget Carry Forward	\$	80,000
Mentorship Funding	\$	95,462
Indigenous Education Council	\$	94,196
Operational Initiatives	\$	260,000
Educational Initiatives	\$	629,386
Inclusion Initiatives	\$	395,000
Construction Projects	\$	1,412,572
Equipment Purchases	\$	380,000
Staffing Initiatives	\$	45,000
Technology Projects	\$	30,000
Subtotal Internally Restricted	\$	3,421,616
Unrestricted Operating Surplus (Deficit)	\$	2,327,263
Total Operating Fund Reserve:	\$	5,748,879

The Unrestricted Operating Surplus (Contingency Reserve) will be sufficient to reduce, to an appropriate level, the financial risk that results from emergent operating issues, and/or to offset unrealized revenues. The amount of Unrestricted Operating Surplus at the end of a fiscal year should be a minimum of 1.5% and maximum of 3.0% of actual operating expenses of the fiscal year. Examples of emergent operating issues include inclement weather, increased fuel costs, forest fires, etc. that cannot be anticipated and budgeted for, and may not be feasible to absorb the cost of such events in other budget areas. Examples of unrealized revenue include revenue streams affected by economic conditions, such as lower offshore student enrolment or decreases in interest revenue resulting from lower interest rates.

Statement of Operations - Statement 2

Revenue

Revenue from the Ministry of Education and Child Care increased from \$75.42 million in 2021/22 to \$94.90 million in 2025/26. Ministry revenue represented 87.23% of total consolidated revenue in 2025/26, compared with 88.91% in 2024/25. Special Purpose Fund grants are evaluated annually, and the amounts available to the District may change from year to year.

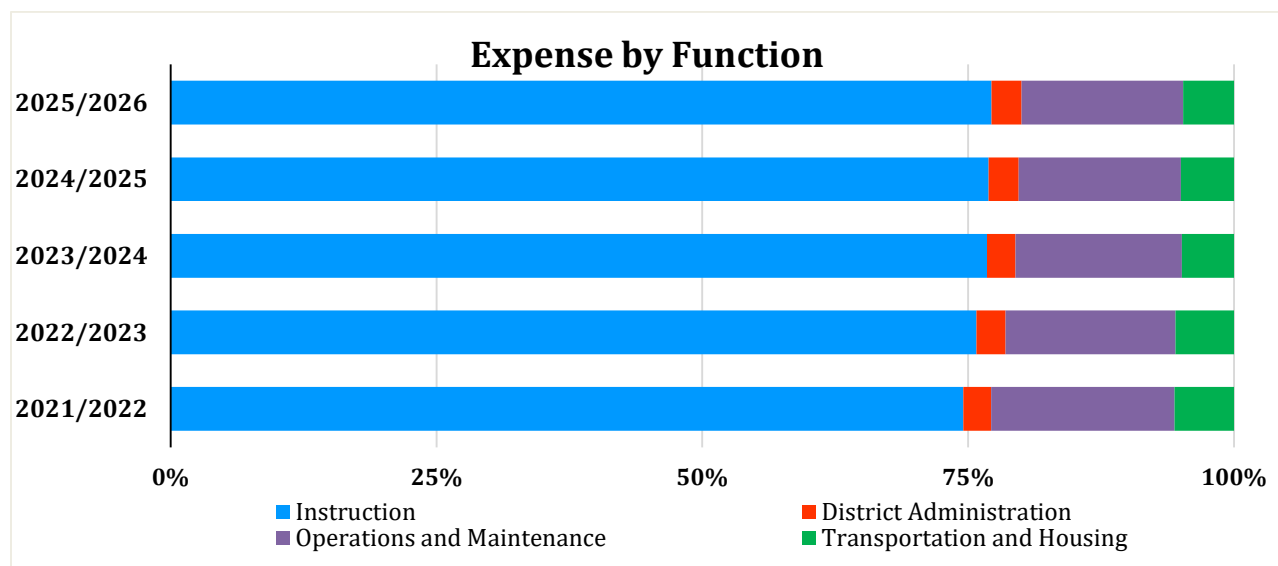


Other revenue sources represented 6.35% of consolidated revenue, compared with 6.68% in the prior year. These other revenue sources include Out of Province Tuition, School Generated Funds, Industry Training Authority (ITA) grants, Rent, Federal Grants

(SWIS), MCFD Funding, and investment income. Amortization of deferred capital revenue represented 4.58% of total revenue, compared with 4.41% in 2024/25. This is a non-cash accounting entry that recognizes previously received capital funding as revenue over the useful lives of the related tangible capital assets. In this case, assets are buildings, furniture and equipment, vehicles, computer hardware and computer software. The gain on remeasurement of the District's asset retirement obligation represented 1.84% of total revenue, compared with nil in 2024/25. The gain is a non-cash accounting adjustment arising from the remeasurement of the estimated obligation.

Expenses

Expenses have remained relatively consistent across the four principal functional categories over the past five years. For the year ended June 30, 2026, instruction represented 77.21% of total expenses, compared with 76.93% in 2024/25. District administration represented 2.83%, compared with 2.81%; operations and maintenance represented 15.19%, compared with 15.26%; and transportation and housing represented 4.77%, compared with 5.00%. The distribution of expenses by function remained relatively consistent with the prior year.



Contacting the District's Management

This report is designed to provide the reader with an overview of the school district's finances and to demonstrate the district's accountability for the funding it receives.

If you would like additional information or have any questions about this report, please contact Angela Telford, Secretary-Treasurer at (250) 262-6000 or visit our website at www.prn.bc.ca.