Audited Financial Statements of
School District No. 36 (Surrey)
June 30, 2026

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MANAGEMENT REPORT

Version: 4753-4007-2024

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 36 (Surrey) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.

The Board of Education of School District No. 36 (Surrey) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 36 (Surrey) and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

On behalf of School District No. 36 (Surrey)

"Gary Tymoschuk"	September 16, 2026
Signature of the Chairperson of the Board of Education	Date Signed
"Mark Pearmain"	September 16, 2026
Signature of the Superintendent	Date Signed
"Raymond Velestuk"	September 16, 2026
Signature of the Secretary Treasurer	Date Signed

KPMG LLP
777 Dunsmuir Street, 11th floor
Vancouver, BC V7Y 1K3
Canada
Tel 604 691 3000
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of School District No. 36 (Surrey), and
To the Minister of Education and Child Care, Province of British Columbia

Opinion

We have audited the financial statements of School District No. 36 (Surrey) (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2026
- the statement of operations for the year then ended
- the statement of remeasurement gains and losses for the year end ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended June 30, 2026 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- Unaudited Schedules 1-4 attached to the audited financial statements; and
- Information, other than the financial statements and the auditor's report thereon, included in the Financial Statement Discussion and Analysis document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Financial Statement Discussion and Analysis document and Unaudited Schedules 1-4 attached to the audited financial statements as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget and Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

September 16, 2026

School District No. 36 (Surrey)

Statement of Financial Position

As at June 30, 2026

	2026 Actual	2025 Actual
	$	$
Financial Assets		
Cash and Cash Equivalents	**180,646,040**	149,649,397
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	**18,157,972**	16,774,555
Due from Province - Other	**1,282,689**	764,792
Due from First Nations	**169,139**	132,666
Other (Note 4)	**10,523,313**	9,284,487
Portfolio Investments (Note 5)	**21,331,773**	31,961,567
Total Financial Assets	**232,110,926**	208,567,464
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 6)	**21,655,214**	17,619,236
Unearned Revenue (Note 7)	**10,216,416**	10,819,140
Deferred Revenue (Note 8)	**12,788,649**	14,763,039
Deferred Capital Revenue (Note 9)	**971,798,191**	907,417,498
Employee Future Benefits (Note 10)	**11,330,060**	11,220,662
Asset Retirement Obligation (Note 11)	**43,469,011**	56,964,447
Other Liabilities (Note 12)	**108,778,613**	98,390,081
Total Liabilities	**1,180,036,154**	1,117,194,103
Net Debt	**(947,925,228)**	(908,626,639)
Non-Financial Assets		
Tangible Capital Assets (Note 14)	**1,635,959,464**	1,575,078,028
Restricted Assets (Endowments) (Note 15)	**1,227,603**	805,015
Prepaid Expenses	**3,197,207**	2,668,025
Total Non-Financial Assets	**1,640,384,274**	1,578,551,068
Accumulated Surplus (Deficit)	**692,459,046**	669,924,429
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	**692,152,993**	669,502,971
Accumulated Remeasurement Gains (Losses)	**306,053**	421,458
	692,459,046	669,924,429

Contractual Obligations (Note 18 and 19)

Contractual Rights (Note 20)

Contingent Liabilities (Note 21)

Approved by the Board

"Gary Tymoschuk"	September 16, 2026
Signature of the Chairperson of the Board of Education	Date Signed
"Mark Pearmain"	September 16, 2026
Signature of the Superintendent	Date Signed
"Raymond Velestuk"	September 16, 2026
Signature of the Secretary Treasurer	Date Signed

School District No. 36 (Surrey)

Statement of Operations
Year Ended June 30, 2026

	2026 Budget	**2026 Actual**	2025 Actual
	$	**$**	$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	1,051,819,162	**1,077,430,250**	1,088,940,758
Other	791,135	**1,069,648**	1,185,921
Municipal Grants Spent on Sites		**12,448**	3,853,718
Federal Grants	4,173,343	**5,674,829**	4,458,879
Tuition	13,633,450	**12,037,666**	14,031,114
Other Revenue	23,709,476	**24,205,713**	27,843,170
Rentals and Leases	4,710,844	**6,127,170**	5,727,376
Investment Income	2,986,307	**3,401,869**	4,943,945
Amortization of Deferred Capital Revenue	39,929,497	**40,172,854**	38,071,196
Revaluation of ARO and Settlement of ARO		**27,098,281**	63,458
Total Revenue	1,141,753,214	**1,197,230,728**	1,189,119,535
Expenses			
Instruction	964,493,530	**974,244,342**	946,747,549
District Administration	26,488,653	**32,161,686**	25,444,336
Operations and Maintenance	150,754,042	**164,158,605**	144,455,206
Transportation and Housing	5,289,152	**4,432,864**	4,436,587
Total Expense	1,147,025,377	**1,174,997,497**	1,121,083,678
Surplus (Deficit) for the year, before endowment contributions	(5,272,163)	**22,233,231**	68,035,857
Endowment Contributions		**416,791**	5,015
Surplus (Deficit) for the year	(5,272,163)	**22,650,022**	68,040,872
Accumulated Surplus (Deficit) from Operations, beginning of year		**669,502,971**	601,462,099
Accumulated Surplus (Deficit) from Operations, end of year		**692,152,993**	669,502,971

The accompanying notes are an integral part of these financial statements.

School District No. 36 (Surrey)

Statement of Remeasurement Gains and Losses
Year Ended June 30, 2026

	2026 Actual	2025 Actual
	$	$
Accumulated Remeasurement Gains (Losses) at beginning of year	**421,458**	17,541
Unrealized Gains (Losses) attributable to:		
Portfolio Investments	**(464,785)**	466,389
Endowments	**15,242**	-
Amounts Reclassified to the Statement of Operations:		
Portfolio Investments	**328,812**	(62,472)
Endowments	**5,326**	-
Net Remeasurement Gains (Losses) for the year	**(115,405)**	403,917
Accumulated Remeasurement Gains (Losses) at end of year	**306,053**	421,458

The accompanying notes are an integral part of these financial statements.

School District No. 36 (Surrey)

Statement of Changes in Net Debt
Year Ended June 30, 2026

	2026 Budget	**2026 Actual**	2025 Actual
	$	**$**	$
Surplus (Deficit) for the year	(5,272,163)	**22,650,022**	68,040,872
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(32,628,866)	**(114,247,911)**	(153,970,613)
Amortization of Tangible Capital Assets	53,155,597	**53,366,475**	51,207,180
Total Effect of change in Tangible Capital Assets	20,526,731	**(60,881,436)**	(102,763,433)
Acquisition of Prepaid Expenses	(4,220,000)	**(3,197,207)**	(2,668,025)
Use of Prepaid Expenses	4,202,524	**2,668,025**	4,202,524
Endowment Contributions		**(416,791)**	(5,015)
(Increase) Decrease in Endowment Asset		**(5,797)**	-
Total Effect of change in Other Non-Financial Assets	(17,476)	**(951,770)**	1,529,484
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	15,237,092	**(39,183,184)**	(33,193,077)
Net Remeasurement Gains (Losses)		**(115,405)**	403,917
(Increase) Decrease in Net Debt		**(39,298,589)**	(32,789,160)
Net Debt, beginning of year		**(908,626,639)**	(875,837,479)
Net Debt, end of year		**(947,925,228)**	(908,626,639)

School District No. 36 (Surrey)

Statement of Cash Flows
Year Ended June 30, 2026

	2026 Actual	2025 Actual
	$	$
Operating Transactions		
Surplus (Deficit) for the year	**22,650,022**	68,040,872
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	**(3,176,615)**	(8,620,467)
Prepaid Expenses	**(529,182)**	1,534,499
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	**4,035,970**	(3,120,154)
Unearned Revenue	**(602,724)**	(2,319,266)
Deferred Revenue	**(1,974,390)**	(238,008)
Employee Future Benefits	**109,398**	(351,414)
Asset Retirement Obligations	**(13,495,436)**	(178,458)
Other Liabilities	**10,388,531**	6,249,017
Amortization of Tangible Capital Assets	**53,366,475**	51,207,180
Amortization of Deferred Capital Revenue	**(40,172,854)**	(38,071,196)
Recognition of Deferred Capital Revenue Spent on Sites	**(71,149)**	(45,094,224)
Recognition of Deferred Capital Revenue-Settlement of ARO	**-**	(115,000)
Total Operating Transactions	**30,528,046**	28,923,381
Capital Transactions		
Tangible Capital Assets Purchased	**(36,167,086)**	(106,251,353)
Tangible Capital Assets -WIP Purchased	**(78,080,825)**	(47,719,260)
Total Capital Transactions	**(114,247,911)**	(153,970,613)
Financing Transactions		
Capital Revenue Received	**104,624,696**	117,073,262
Endowment Contributions	**(422,588)**	(5,015)
Total Financing Transactions	**104,202,108**	117,068,247
Investing Transactions		
Redemptions (Purchases) in Portfolio Investments	**10,514,400**	4,675,895
Total Investing Transactions	**10,514,400**	4,675,895
Net Increase (Decrease) in Cash and Cash Equivalents	**30,996,643**	(3,303,090)
Cash and Cash Equivalents, beginning of year	**149,649,397**	152,952,487
Cash and Cash Equivalents, end of year	**180,646,040**	149,649,397
Cash and Cash Equivalents, end of year, is made up of:		
Cash	**180,646,040**	149,649,397
	180,646,040	149,649,397

The accompanying notes are an integral part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the School Act of British Columbia as a corporation under the name of "The Board of Education of School District No. 36 (Surrey)" and operates as "School District No. 36 (Surrey)". A board of education ("the Board") is elected for a four-year term and governs the School District. The School District provides educational programs to students enrolled in its schools in the cities of Surrey and White Rock and is principally funded by the Province of British Columbia through the Ministry of Education and Child Care. School District No. 36 (Surrey) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been 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 as set out in Notes 2(e) and 2(m).

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in Notes 2 (e) and 2 (m), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense.

As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the statement of operations and certain related deferred capital revenue would be recorded differently under Canadian Public Sector Accounting Standards.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand balances on deposit in financial institutions that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c) Accounts Receivable

Accounts receivable are measured at amortized cost and shown net of allowance for doubtful accounts.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued)*

d) Unearned Revenue

Unearned revenue includes tuition fees received for courses to be delivered in future periods and receipt of proceeds for services or products to be delivered in a future period. Revenue will be recognized in that future period when the courses, services, or products are provided.

e) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes both government transfers and other contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2(m).

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished. Additional details over basis of accounting are included in Note 2(a).

f) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing. The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2025 and projected to March 31, 2028. The next valuation will be performed at March 31, 2028 for use at June 30, 2028. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The School District and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

g) Asset Retirement Obligations

A liability is recognized when, as at the financial reporting date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g) Asset Retirement Obligations (cont'd)

The School District's asset retirement obligations include the removal of asbestos and other hazardous material in several of the buildings owned by the School District. The estimate of the asset retirement obligations include costs directly attributable to the asset retirement activities. The estimated costs have been recorded as a liability and capitalized into the carrying amount of tangible capital assets, which is being amortized in accordance with the amortization accounting policy outlined in Note 2(j). The obligation was measured at current cost as the timing of future cash flows cannot be reasonably determined. The carrying value of the liability is reviewed at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the liability and related tangible capital asset.

h) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School District:
    - is directly responsible; or
    - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

i) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the School District are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

j) Tangible Capital Assets (cont'd)

- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years

k) Endowment Contributions

Endowment contributions are reported as revenue on the Statement of Operations when received. Investment income earned on endowment principal is recorded as deferred revenue if it meets the definition of a liability and is recognized as revenue in the year related expenses (disbursements) are incurred. If the investment income earned does not meet the definition of a liability, it is recognized as revenue in the year it is earned. Endowment assets are reported as restricted non-financial assets on the Statement of Financial Position.

l) Prepaid Expenses

Materials and supplies held in central stores for use within the School District are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit.

m) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral as described below. Eligibility criteria are the criteria that the School District has to meet in order to receive the contributions including authorization by the transferring government.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m) Revenue Recognition (cont'd)

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized as follows:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year related expenses are incurred,
- Contributions restricted for site acquisitions are recorded as revenue when the sites are purchased, and
- Contributions restricted for tangible capital assets acquisitions other than sites are recorded as deferred capital revenue and amortized over the useful life of the related assets.

Donated tangible capital assets other than sites are recorded at fair market value and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable.

The accounting treatment for restricted contributions that are government transfers is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished. Additional details over basis of accounting are included in Note 2(a).

Revenue from transactions with performance obligations is recognized when (or as) the performance obligation is satisfied (by providing the promised goods or services to a payor).

Revenue from transactions with no performance obligations is recognized when the School District:
(a) has the authority to claim or retain an inflow of economic resources; and
(b) identifies a past transaction or event that gives rise to an asset.

International tuitions, when received in advance of the school year, are recorded as deferred revenue and recognized in revenue evenly over the ten-month school year.

The School District participates in various rebate programs from which an annual rebate is received upon eligibility criteria being met.

Rental and Lease revenues, when received in advance of the rental date, are recorded as deferred revenue and recognized in revenue once the event for the leased space has occurred.

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

n) Expenditures

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Categories of Salaries

- Principals, Vice-Principals, and District Principals employed under an administrative officer contract are categorized as Principals and Vice-Principals.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

n) Expenditures (cont'd)

- Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees, Directors of Instruction, and other employees excluded from union contracts are categorized as Other Professionals.

Allocation of Costs

- Operating expenses are reported by function, program, and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and aboriginal education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

o) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 16 – Interfund Transfers and Note 23 – Internally Restricted – Operating Fund).

p) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities, and other liabilities. The School District does not have any derivatives.

Except for portfolio investments in equity instruments, fixed income, and alternative investments which are quoted in an active market that are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition and amortized using the effective interest rate method. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

p) Financial Instruments (cont'd)

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

q) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2 requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Areas requiring the use of management estimates relate to the potential impairment of assets, liability for asset retirement obligations, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

NOTE 3 ECONOMIC DEPENDENCE

The operations of the School District are dependent on continued funding from the Ministry of Education and Child Care and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

NOTE 4 ACCOUNTS RECEIVABLE - OTHER

	June 30, 2026	June 30, 2025
Due from Federal Government	$ 4,295,618	$ 3,570,962
Trade Accounts Receivable	1,988,494	2,175,602
Payroll Accounts Receivable	29,504	-
Other Accounts Receivable	1,438,686	317,616
Deposits	601,052	1,391,406
School Site Acquisition Charges	2,169,959	1,828,901
	$ 10,523,313	**$ 9,284,487**

NOTE 5 PORTFOLIO INVESTMENTS

	June 30, 2026	June 30, 2025
Investments in the cost and amortized cost category:		
Guaranteed investment certificates	$ -	$ 10,303,446
Money market funds	1,094,228	651,285
Total investments at cost and amortized cost	**$ 1,094,228**	**$ 10,954,731**
Investments in the fair market value category:		
Fixed income	$ 12,275,465	$ 14,906,931
Alternative investments	939,067	973,801
Equity investments	7,023,013	5,126,104
Total investments at fair market value	**$ 20,237,545**	**$ 21,006,836**
Total Portfolio Investments	**$ 21,331,773**	**$ 31,961,567**

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES – OTHER

	June 30, 2026	June 30, 2025
Trade Payables	$ 16,304,306	$ 11,852,712
Lien Holdbacks	5,196,185	5,622,364
Other	154,723	144,160
	$ 21,655,214	**$ 17,619,236**

NOTE 7 UNEARNED REVENUE

Unearned revenue as at June 30th, 2026

	Balance, June 30, 2025	Increases to Unearned Revenue	Revenue recognized in the period	**Balance, June 30, 2026**
	$	$	$	$
Tuition Fees	10,271,401	11,470,075	(12,037,666)	9,703,810
Rental/Lease of Facilities	547,739	6,092,037	(6,127,170)	512,606
Total	**10,819,140**	17,562,112	(18,164,836)	**10,216,416**

Unearned revenue as at June 30th, 2025

	Balance, June 30, 2024	Increases to Unearned Revenue	Revenue recognized in the period	**Balance, June 30, 2025**
	$	$	$	$
Tuition Fees	12,692,136	11,610,379	(14,031,114)	10,271,401
Rental/Lease of Facilities	446,270	5,828,845	(5,727,376)	547,739
Total	**13,138,406**	17,439,224	(19,758,490)	**10,819,140**

NOTE 8 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled.

Deferred Revenue as at June 30th, 2026

	Balance, June 30, 2025	Contributions received	Revenue recognized in the period	**Balance, June 30, 2026**
	$	$	$	$
Provincial Grants - Ministry of Education	5,870,151	117,641,852	(120,923,333)	2,588,670
Provincial Grants - Other	630,751	716,232	(710,728)	636,255
Federal Grants	16,128	50,000	(50,027)	16,101
Other	8,227,384	21,709,235	(20,432,069)	9,504,550
Investment Income	18,625	55,540	(31,092)	43,073
Total	**14,763,039**	140,172,859	(142,147,249)	12,788,649

Deferred Revenue as at June 30th, 2025

	Balance, June 30, 2024	Contributions received	Revenue recognized in the period	**Balance, June 30, 2025**
	$	$	$	$
Provincial Grants - Ministry of Education	5,453,095	115,071,915	(114,654,859)	5,870,151
Provincial Grants - Other	715,786	727,106	(812,141)	630,751
Federal Grants	64,796	12,500	(61,168)	16,128
Other	8,725,527	21,201,736	(21,699,879)	8,227,384
Investment Income	41,843	64,892	(88,110)	18,625
Total	**15,001,047**	137,078,149	(137,316,157)	**14,763,039**

NOTE 9 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired.

	2026 $	2025 $
Deferred Capital Revenue, (includes Work in progress), beginning of year	907,417,498	873,624,656
Increases:		
Provincial Grants - MOE	101,316,301	113,907,894
Local Government Site Fees	2,736,525	2,774,221
Investment Income	324,293	388,647
Other Revenue	247,577	2,500
	104,624,696	117,073,262
Decreases:		
Transfers to Revenue - Site Purchases	71,149	45,094,224
Transfers to Revenue - Settlement of ARO	-	115,000
Amortization of Deferred Capital Revenue	40,172,854	38,071,196
	40,244,003	83,280,420
Net Change for the year	64,380,693	33,792,842
Deferred Capital Revenue (includes Work in Progress), end of year	**971,798,191**	**907,417,498**

Work in progress amount as of June 30, 2026 was $95,708,548 (June 30, 2025: $71,303,206).

Unspent Deferred Capital Contributions as of June 30, 2026 were $11,574,712 (June 30, 2025: $10,369,052).

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2026

NOTE 10 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance and death benefits. Funding is provided when the benefits are paid and accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

	2026	2025
	$	$
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	14,986,718	10,736,528
Service Cost	829,453	715,550
Interest Cost	582,200	452,591
Benefit Payments	(1,464,296)	(1,532,769)
Actuarial (Gain) Loss	(1,518,228)	4,614,818
Accrued Benefit Obligation – March 31	13,415,847	14,986,718
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation - March 31	13,415,847	14,986,718
Funded Status - Surplus (Deficit)	(13,415,847)	(14,986,718)
Employer Contributions After Measurement Date	164,812	58,702
Benefits Expense After Measurement Date	(350,342)	(352,913)
Unamortized Net Actuarial (Gain) Loss	2,271,317	4,060,267
Accrued Benefit Asset (Liability) - June 30	**(11,330,060)**	**(11,220,662)**
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability (Asset) - July 1	11,220,662	11,572,076
Net Expense for Fiscal Year	1,679,806	1,112,168
Employer Contributions	(1,570,408)	(1,463,582)
Accrued Benefit Liability (Asset) - June 30	11,330,060	11,220,662
Components of Net Benefit Expense		
Service Cost	820,532	744,026
Interest Cost	588,550	484,993
Amortization of Net Actuarial (Gain)/Loss	270,724	(116,851)
Net Benefit Expense (Income)	1,679,806	1,112,168

NOTE 10 EMPLOYEE FUTURE BENEFITS *(Continued)*

The significant actuarial assumptions adopted for measuring the School District's accrued benefit obligations are:

	2026	2025
Discount Rate – April 1	4.00%	4.25%
Discount Rate – March 31	4.50%	4.00%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	12 years	12 years

NOTE 11 ASSET RETIREMENT OBLIGATION

Legal obligations exist for the removal and disposal of asbestos and other hazardous materials in some School District owned buildings that will undergo major renovations or demolition in the future. During the fiscal year end June 30, 2026, the School District engaged an external specialist to assess its asset retirement obligations to inform its estimate of remediation costs. Based on more specific data available related to the age of building and type of contaminants present, the School District recognized a decrease in its estimate of asset retirement obligation liabilities of $27,098,281. A corresponding gain was recognized in the statement of operations because the related assets are fully amortized.

	June 30, 2026	June 30, 2025
	$	$
Asset Retirement Obligation, opening balance	56,964,447	57,142,905
Revaluation of ARO	(27,098,281)	-
Settlements during the year	-	(178,458)
Accretion expense	13,602,845	-
Asset Retirement Obligation, closing balance	**43,469,011**	**56,964,447**

NOTE 12 OTHER LIABILITIES

Vacation pay and banked overtime are recognized as an expense at the time the entitlement is earned through service.

	June 30, 2026	June 30, 2025
	$	$
Salaries and Benefits Payable	99,982,894	90,010,971
Accrued Vacation Payable	8,795,719	8,379,110
Total	**108,778,613**	**98,390,081**

NOTE 13 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trusteed pension plans. The board of trustees for these plans, representing plan members and employers, are responsible for administering the plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. Defined contribution plan accounting is applied to the plans as the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, plan assets and cost to individual employers participating in the plans. The School District's employer contributions to these plans in the fiscal year ended June 30, 2026, were $82,537,749 (2025: $81,047,370).

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry- age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

<u>Teachers' Pension Plan</u>

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2023, indicated a $4,572 million surplus for basic pension benefits and a balance of $1,437 million in the rate stabilization account. The next valuation will be December 31, 2026.

As of December 31, 2025, the Teachers' Pension Plan has about 52,000 active members and approximately 43,000 retired members.

Teacher Pension Plan is determined on a formula based on contribution rates as a percentage of salary. The following rates were used for 2026 and 2025 fiscal years.

Teacher Pension Plan is determined on a formula based on a contribution rate of 11.30% of salary for 2026 (2025: 11.30%).

Year's Maximum Pensionable Earnings ("YMPE") for 2026 set at $74,600 (2025: $71,300).

<u>Municipal Pension Plan</u>

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2024, indicated a $2,675 million funding surplus for basic pension benefits and a balance of $4,598 million in the rate stabilization account. The next valuation will be December 31, 2027.

As of December 31, 2025, The Municipal Pension Plan has about 286,000 active members, of which approximately 33,000 are from school districts.

Municipal Pension Plan employer contributions are determined by a formula based on a contribution rate of 9.31% of salary for 2026 (2025: 9.31%).

NOTE 14 TANGIBLE CAPITAL ASSETS

June 30, 2026	Land	Building	Furniture and Equipment	Vehicles	Computer Hardware	Work in Progress (WIP)	2026 Total
	$	$	$	$	$	$	**$**
Cost							
Beginning of year	493,355,512	1,721,419,689	85,177,796	10,989,119	14,534,195	76,554,726	**2,402,031,037**
Additions	71,149	25,375,515	7,911,877	1,424,890	1,383,655	78,080,825	**114,247,911**
Revaluation of ARO	-	(27,098,281)	-	-	-	-	**(27,098,281)**
Deemed Disposals	-	-	(4,354,263)	(1,186,524)	(4,181,592)	-	**(9,722,379)**
Transfer from WIP	-	55,653,502	-	-	-	(55,653,502)	**-**
Closing Balance	493,426,661	1,775,350,425	88,735,410	11,227,485	11,736,258	98,982,049	**2,479,458,288**
Accumulated Amortization							
Beginning of year		775,482,738	37,683,604	6,175,097	7,611,570	-	**826,953,009**
Amortization		40,932,942	8,695,660	1,110,829	2,627,044	-	**53,366,475**
Revaluation of ARO		(27,098,281)	-	-	-	-	**(27,098,281)**
Deemed Disposals		-	(4,354,263)	(1,186,524)	(4,181,592)	-	**(9,722,379)**
Closing Balance		789,317,399	42,025,001	6,099,402	6,057,022	-	**843,498,824**
Net Book Value	493,426,661	986,033,026	46,710,409	5,128,083	5,679,236	98,982,049	**1,635,959,464**

Amortization of work in progress for buildings as at June 30, 2026 will commence when the asset is put into service.

NOTE 14 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2025	Land	Building	Furniture and Equipment	Vehicles	Computer Hardware	Work in Progress (WIP)	**2025 Total**
	$	$	$	$	$	$	**$**
Cost							
Beginning of year	448,261,288	1,654,693,292	77,144,241	10,479,546	14,408,746	50,707,535	**2,255,694,648**
Additions	45,094,224	45,942,131	10,435,067	1,109,161	3,670,770	47,719,260	**153,970,613**
Disposals	-	(1,087,803)	-	-	-	-	**(1,087,803)**
Deemed Disposals	-	-	(2,401,512)	(599,588)	(3,545,321)	-	**(6,546,421)**
Transfer from WIP	-	21,872,069	-	-	-	(21,872,069)	**-**
Closing Balance	493,355,512	1,721,419,689	85,177,796	10,989,119	14,534,195	76,554,726	**2,402,031,037**
Accumulated Amortization							
Beginning of year		737,447,189	31,969,015	5,701,252	8,262,597	-	**783,380,053**
Amortization		39,123,352	8,116,101	1,073,433	2,894,294	-	**51,207,180**
Disposals		(1,087,803)	-	-	-	-	**(1,087,803)**
Deemed Disposals		-	(2,401,512)	(599,588)	(3,545,321)	-	**(6,546,421)**
Closing Balance		775,482,738	37,683,604	6,175,097	7,611,570	-	**826,953,009**
Net Book Value	493,355,512	945,936,951	47,494,192	4,814,022	6,922,625	76,554,726	**1,575,078,028**

Amortization of work in progress for buildings as at June 30, 2025 will commence when the asset is put into service.

NOTE 15 RESTRICTED ASSETS – ENDOWMENTS

Donors have provided endowment contributions with a restriction that the original contribution should not be spent. These endowment funds are held in investments, and any investment income and capital gains are managed and used in accordance with the terms of the respective endowment agreements and donor restrictions.

The Surrey School District Food Program endowment fund was established in 2024 to create a legacy fund for the Surrey Schools Lunch Program. The Surrey School District's Bright Futures Endowment Fund was established in 2026 with the intention of growing the fund to a minimum balance prior to spending investment income generated from original contributions. The Bright Future Endowment Fund has been established to provide support for advancement of education and related initiatives.

Name of Endowment	Balance June 30, 2025	Contributions	Balance June 30, 2026
	$	$	$
The Surrey School District Food Program Fund	800,000	31,912	831,912
The Surrey School District General Endowment Fund	5,015	2,135	7,150
The Surrey School District Bright Futures Endowment Fund	-	388,541	388,541
Total	**805,015**	**422,588**	**1,227,603**

NOTE 16 INTERFUND TRANSFERS

The School District manages their accounts using three different funds – operating, special purpose and capital. Transfers between funds during the current year are as follows:

- Transfers of $5,613,435 (2025: $8,826,991) from the operating fund and $3,212,111 (2025: $2,791,214) from the special purpose fund, totalling $8,825,546 (2025: $11,618,205) to the capital fund, were made to purchase various capital assets.

NOTE 17 RELATED PARTY TRANSACTIONS

The School District is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

NOTE 18 OPERATING LEASE OBLIGATIONS

The School District has operating lease agreements for facilities that require payments over the next five fiscal years ending June 30 as follows:

2027	$	530,154
2028		425,804
2029		59,299
	$	**1,015,257**

NOTE 19 CONTRACTUAL OBLIGATIONS

The School District has a total of $102,231,852 (2025: $40,840,838) of contractual obligations at year end related to capital items and the construction or renovation of buildings, which are funded from deferred capital revenues of Ministry of Education and Child Care Bylaw Capital, Restricted Capital, Land Capital, Local Capital Reserve funds and Operating funds. Disclosure relates to the unperformed portion of the contracts.

Guildford Park Secondary	$	24,276,562
Tamanawis Secondary		22,817,639
Kwantlen Park Secondary		15,183,025
Forsyth Road Elementary		13,118,372
William Watson Elementary		6,980,982
George Greenaway Elementary		5,023,313
Clayton Heights Secondary		3,196,648
Old Yale Road Elementary		2,880,536
Martha Currie Elementary		2,234,491
Grandview Heights Secondary		1,721,969
Walnut Road Elementary		1,383,973
Erma Stephenson Elementary		786,694
Woodland Park Elementary		727,798
Latimer Road Elementary		569,429
Snokomish Elementary		343,788
Lena Shaw Elementary		319,928
Fleetwood Park Secondary		206,745
Sum of contractual commitments under $100,000		459,960
	$	**102,231,852**

NOTE 20 CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The School District's contractual rights arise because of contracts entered into for the leasing of School District property. The following table summarizes the contractual rights of the School District for future assets:

2027	$ 152,255
2028	105,394
2029	55,136
2030	46,850
2031	6,150
	$ 365,785

NOTE 21 CONTINGENT LIABILITIES

In the ordinary course of operations, the School District has legal proceedings brought against it and provisions have been included in liabilities when the loss is likely and amount is determinable. It is the opinion of management that final determination of these claims will not have a material effect on the financial position or operations of the School District. The resulting loss on the School District, if any, will be recorded in the period in which it is determinable.

NOTE 22 EXPENSE BY OBJECT

	June 30, 2026	June 30, 2025
	$	$
Salaries and Benefits	1,004,275,737	973,976,894
Services and Supplies	103,752,440	95,899,604
Amortization	53,366,475	51,207,180
Asset Retirement Obligation Accretion Expense	13,602,845	-
Total	**1,174,997,497**	**1,121,083,678**

NOTE 23 INTERNALLY RESTRICTED – OPERATING FUND

The School District attributes a portion of the accumulated surplus to an internal operating fund and internally restricts for 2026: $27,741,717 (2025: $20,793,925). The details of the internal restricted items are as follows:

Indigenous Learners Targeted Funds	$ 280,856
Indigenous Education Council Targeted Funds	152,500
Net School Operating Balance	1,376,308
Early Career Mentorship	140,624
Education Assistance Training Funds	91,429
Enrolment Stabilization	6,500,000
IT Infrastructure	7,000,000
Addressing Outdated Enterprise Resource Planning System	12,200,000
Total Internally Restricted Items	**$ 27,741,717**

NOTE 24 RISK MANAGEMENT

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:
Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, amounts receivable and investments.

The School District is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in recognized Canadian and British Columbia financial institutions.

b) Market risk:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, tariff risk, interest rate risk, and investment equity risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the School District is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Tariff risk refers to the potential financial and operational impacts resulting from changes in tariff policies, such as the imposition, increase or removal of tariffs on imported and exported goods. The School District is monitoring the potential impacts and options to mitigate risks arising from tariffs and cross border trade.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. During the current year, the School District invested in portfolio investments, consisting of fixed income pooled investments and money market funds. The School District is exposed to minimal interest rate risk through its cash and cash equivalents on deposit with financial institutions as some of the cash is interest bearing. The investment objectives are on protecting investments rather than the potential for superior returns. The School District has very low tolerance for risk with investments and prefers a low degree of price volatility.

Investment equity risk arises from exposure to fluctuations in the market value of equity securities held. These fluctuations in fair value may result from changes in economic conditions, interest rates, and other external factors. These risks may affect the carrying value of investments and the recognition of income. The School District's portfolio is managed professionally with investment advisors and adheres to the District's investment policies and principles, ensuring preservation of principal investments, liquidity, diversification, and optimizing rates of return on investments.

NOTE 24 RISK MANAGEMENT *(Continued)*

c) Liquidity risk:
Liquidity risk is the risk that the School District will not be able to meet its financial obligations as they become due.

The School District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the School District's reputation.

Risk Management and insurance services for all school districts in British Columbia are provided by the Risk Management Branch of the Ministry of Finance. There have been no changes to risk exposure from 2025 related to credit, market or liquidity risks.

NOTE 25 BUDGET FIGURES

Budget figures included in the financial statements are based on the School District's Annual Budget adopted by the Board of Education on May 14^{th}, 2025.

School District No. 36 (Surrey)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2026

	Operating Fund	Special Purpose Fund	Capital Fund	2026 Actual	2025 Actual
	$	$	$	$	$
Accumulated Surplus (Deficit), beginning of year	33,100,976	805,015	635,596,980	**669,502,971**	601,462,099
Changes for the year					
Surplus (Deficit) for the year	18,078,026	3,628,902	943,094	**22,650,022**	68,040,872
Interfund Transfers					
Tangible Capital Assets Purchased	(2,725,484)	(3,212,111)	5,937,595	**-**	
Local Capital	(2,887,951)		2,887,951	**-**	
Net Changes for the year	**12,464,591**	**416,791**	**9,768,640**	**22,650,022**	**68,040,872**
Accumulated Surplus (Deficit), end of year - Statement 2	**45,565,567**	**1,221,806**	**645,365,620**	**692,152,993**	669,502,971
Accumulated Remeasurement Gains (Losses) - Statement 3	306,053	-	-	**306,053**	421,458
	45,871,620	**1,221,806**	**645,365,620**	**692,459,046**	669,924,429

School District No. 36 (Surrey)

Schedule of Operating Operations
Year Ended June 30, 2026

	2026 Budget	**2026 Actual**	2025 Actual
	$	**$**	$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	941,910,627	**956,448,216**	933,045,393
Other	369,600	**358,920**	373,780
Federal Grants	4,135,843	**5,624,802**	4,397,711
Tuition	13,633,450	**12,037,666**	14,031,114
Other Revenue	3,007,836	**3,714,407**	5,689,334
Rentals and Leases	4,617,769	**6,016,390**	5,618,825
Investment Income	2,687,307	**2,970,664**	4,405,055
Total Revenue	970,362,432	**987,171,065**	967,561,212
Expenses			
Instruction	836,250,794	**835,880,136**	812,746,478
District Administration	26,488,653	**32,161,686**	25,444,336
Operations and Maintenance	97,049,978	**96,695,645**	92,817,930
Transportation and Housing	5,200,152	**4,355,572**	4,342,811
Total Expense	964,989,577	**969,093,039**	935,351,555
Operating Surplus (Deficit) for the year	5,372,855	**18,078,026**	32,209,657
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(2,283,118)	**(2,725,484)**	(5,097,110)
Local Capital	(3,089,737)	**(2,887,951)**	(3,729,881)
Total Net Transfers	(5,372,855)	**(5,613,435)**	(8,826,991)
Total Operating Surplus (Deficit), for the year	-	**12,464,591**	23,382,666
Operating Surplus (Deficit), beginning of year		**33,100,976**	9,718,310
Operating Surplus (Deficit), end of year		**45,565,567**	33,100,976
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 23)		**27,741,717**	20,793,925
Unrestricted		**17,823,850**	12,307,051
Total Operating Surplus (Deficit), end of year		**45,565,567**	33,100,976

School District No. 36 (Surrey)

Schedule of Operating Revenue by Source
Year Ended June 30, 2026

	2026 Budget	**2026 Actual**	2025 Actual
	$	**$**	$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	934,294,111	**925,351,077**	914,367,576
ISC/LEA Recovery	(108,133)	**(169,139)**	(132,666)
Other Ministry of Education and Child Care Grants			
Pay Equity	6,861,224	**6,861,224**	6,861,224
Funding for Graduated Adults	744,707	**911,150**	1,017,027
Student Transportation Fund	72,999	**72,999**	72,999
Support Staff Benefits Grant			967,283
Foundation Skills Assessment (FSA) Scorer Grant	45,719	**47,219**	47,969
Child Care Funding	-	**143,690**	122,762
Labour Settlement Funding	-	**23,227,366**	9,198,826
Labour Settlement Funding (Teacher & Support Staff Benefit Enhancement)	-	**-**	519,408
Miscellaneous	-	**2,630**	2,985
Total Provincial Grants - Ministry of Education and Child Care	941,910,627	**956,448,216**	933,045,393
Provincial Grants - Other	369,600	**358,920**	373,780
Federal Grants	4,135,843	**5,624,802**	4,397,711
Tuition			
Continuing Education	736,000	**727,053**	580,823
International and Out of Province Students	12,897,450	**11,310,613**	13,450,291
Total Tuition	13,633,450	**12,037,666**	14,031,114
Other Revenues			
Funding from First Nations	108,133	**169,139**	132,666
Miscellaneous			
Teaching Kitchen Revenue	1,044,065	**1,275,034**	1,135,328
Energy Management	130,000	**126,169**	120,390
Worksafe BC	1,117,056	**1,194,603**	2,119,826
Other Miscellaneous	608,582	**949,462**	2,181,124
Total Other Revenue	3,007,836	**3,714,407**	5,689,334
Rentals and Leases	4,617,769	**6,016,390**	5,618,825
Investment Income	2,687,307	**2,970,664**	4,405,055
Total Operating Revenue	970,362,432	**987,171,065**	967,561,212

School District No. 36 (Surrey)

Schedule of Operating Expense by Object
Year Ended June 30, 2026

	2026 Budget	**2026 Actual**	2025 Actual
	$	**$**	$
Salaries			
Teachers	441,212,736	**440,131,937**	430,610,692
Principals and Vice Principals	42,757,641	**43,061,725**	41,350,605
Educational Assistants	88,645,350	**90,550,864**	89,467,172
Support Staff	74,605,980	**74,922,117**	71,150,320
Other Professionals	20,050,199	**19,784,507**	18,079,324
Substitutes	41,845,829	**41,710,126**	41,885,576
Total Salaries	709,117,735	**710,161,276**	692,543,689
Employee Benefits	186,741,055	**187,297,942**	176,570,072
Total Salaries and Benefits	895,858,790	**897,459,218**	869,113,761
Services and Supplies			
Services	20,886,495	**26,960,744**	21,147,599
Student Transportation	3,624,256	**3,182,390**	3,289,122
Professional Development and Travel	3,722,055	**2,980,086**	3,003,185
Rentals and Leases	804,816	**736,284**	932,981
Dues and Fees	1,495,696	**1,505,979**	1,453,220
Insurance	2,412,993	**2,346,761**	2,119,953
Supplies	23,649,913	**22,125,991**	22,043,432
Utilities	12,534,563	**11,795,586**	12,248,302
Total Services and Supplies	69,130,787	**71,633,821**	66,237,794
Total Operating Expense	964,989,577	**969,093,039**	935,351,555

School District No. 36 (Surrey)

Operating Expense by Function, Program and Object

Year Ended June 30, 2026

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	$	$	$	$	$	$	$
1 Instruction							
1.02 Regular Instruction	342,201,126	9,518,226	45,169	6,326,642	1,291,643	19,842,368	**379,225,174**
1.03 Career Programs	2,836,558	85,477	-	1,741,386	-	245,955	**4,909,376**
1.07 Library Services	9,247,256	-	-	827,841	106,208	599,867	**10,781,172**
1.08 Counselling	10,995,363	-	-	-	-	683,831	**11,679,194**
1.10 Special Education	31,658,957	1,466,386	85,779,594	1,239,987	-	13,285,495	**133,430,419**
1.20 Early Learning and Child Care	2,308	-	-	90,882	-	-	**93,190**
1.30 English Language Learning	34,154,609	-	571,443	70,145	-	2,124,179	**36,920,376**
1.31 Indigenous Education	1,128,049	312,137	2,171,040	83,729	224,950	117,971	**4,037,876**
1.41 School Administration	-	29,969,376	-	18,045,507	-	1,180,725	**49,195,608**
1.60 Summer School	3,105,506	437,746	195,784	220,069	-	-	**3,959,105**
1.61 Continuing Education	266,001	85,478	-	61,205	-	-	**412,684**
1.62 International and Out of Province Students	3,623,857	327,672	13,270	821,380	427,634	243,367	**5,457,180**
1.64 Other	434,818	75,549	1,770,572	507,839	203,894	457	**2,993,129**
Total Function 1	**439,654,408**	**42,278,047**	**90,546,872**	**30,036,612**	**2,254,329**	**38,324,215**	**643,094,483**
4 District Administration							
4.11 Educational Administration	383,053	212,334	-	391,423	3,049,336	79,179	**4,115,325**
4.40 School District Governance	-	-	-	221,667	758,985	-	**980,652**
4.41 Business Administration	20,766	571,344	-	4,562,829	7,863,947	114,315	**13,133,201**
Total Function 4	**403,819**	**783,678**	**-**	**5,175,919**	**11,672,268**	**193,494**	**18,229,178**
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	62,853	-	3,992	2,568,996	2,715,934	5,066	**5,356,841**
5.50 Maintenance Operations	10,857	-	-	33,601,474	2,782,152	3,139,724	**39,534,207**
5.52 Maintenance of Grounds	-	-	-	2,940,274	183,262	32,223	**3,155,759**
5.56 Utilities	-	-	-	-	-	-	**-**
Total Function 5	**73,710**	**-**	**3,992**	**39,110,744**	**5,681,348**	**3,177,013**	**48,046,807**
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	147,858	176,562	13,797	**338,217**
7.70 Student Transportation	-	-	-	450,984	-	1,607	**452,591**
7.73 Housing	-	-	-	-	-	-	**-**
Total Function 7	**-**	**-**	**-**	**598,842**	**176,562**	**15,404**	**790,808**
9 Debt Services							
Total Function 9	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Functions 1 - 9	**440,131,937**	**43,061,725**	**90,550,864**	**74,922,117**	**19,784,507**	**41,710,126**	**710,161,276**

School District No. 36 (Surrey)

Operating Expense by Function, Program and Object

Year Ended June 30, 2026

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2026 Actual	2026 Budget	2025 Actual
	$	$	$	$	$	$	$
1 Instruction							
1.02 Regular Instruction	**379,225,174**	95,662,074	**474,887,248**	9,391,538	**484,278,786**	488,326,672	473,720,507
1.03 Career Programs	**4,909,376**	1,332,118	**6,241,494**	1,757,543	**7,999,037**	7,664,491	8,552,223
1.07 Library Services	**10,781,172**	2,755,667	**13,536,839**	4,180,251	**17,717,090**	18,302,661	17,104,989
1.08 Counselling	**11,679,194**	2,989,555	**14,668,749**	-	**14,668,749**	14,613,775	14,059,200
1.10 Special Education	**133,430,419**	41,075,084	**174,505,503**	2,510,487	**177,015,990**	174,701,450	168,745,784
1.20 Early Learning and Child Care	**93,190**	33,918	**127,108**	52,971	**180,079**	-	342,297
1.30 English Language Learning	**36,920,376**	9,476,977	**46,397,353**	16,213	**46,413,566**	44,451,207	44,321,204
1.31 Indigenous Education	**4,037,876**	1,127,145	**5,165,021**	402,478	**5,567,499**	5,047,800	5,065,919
1.41 School Administration	**49,195,608**	12,521,430	**61,717,038**	1,467,046	**63,184,084**	63,242,086	61,546,949
1.60 Summer School	**3,959,105**	792,032	**4,751,137**	94,087	**4,845,224**	5,367,984	4,835,742
1.61 Continuing Education	**412,684**	58,283	**470,967**	30,249	**501,216**	498,094	363,406
1.62 International and Out of Province Students	**5,457,180**	1,382,108	**6,839,288**	1,801,195	**8,640,483**	10,311,464	9,926,322
1.64 Other	**2,993,129**	830,972	**3,824,101**	1,044,232	**4,868,333**	3,723,110	4,161,936
Total Function 1	**643,094,483**	**170,037,363**	**813,131,846**	**22,748,290**	**835,880,136**	836,250,794	812,746,478
4 District Administration							
4.11 Educational Administration	**4,115,325**	809,481	**4,924,806**	713,770	**5,638,576**	5,737,528	5,901,298
4.40 School District Governance	**980,652**	146,510	**1,127,162**	337,866	**1,465,028**	1,490,701	1,617,003
4.41 Business Administration	**13,133,201**	3,055,631	**16,188,832**	8,869,250	**25,058,082**	19,260,424	17,926,035
Total Function 4	**18,229,178**	**4,011,622**	**22,240,800**	**9,920,886**	**32,161,686**	26,488,653	25,444,336
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	**5,356,841**	1,029,119	**6,385,960**	4,880,658	**11,266,618**	11,254,627	10,700,139
5.50 Maintenance Operations	**39,534,207**	11,115,633	**50,649,840**	14,809,455	**65,459,295**	64,271,072	61,815,720
5.52 Maintenance of Grounds	**3,155,759**	840,960	**3,996,719**	1,554,606	**5,551,325**	6,318,619	5,608,965
5.56 Utilities	**-**	-	**-**	14,418,407	**14,418,407**	15,205,660	14,693,106
Total Function 5	**48,046,807**	**12,985,712**	**61,032,519**	**35,663,126**	**96,695,645**	97,049,978	92,817,930
7 Transportation and Housing							
7.41 Transportation and Housing Administration	**338,217**	85,694	**423,911**	1,355	**425,266**	384,673	374,627
7.70 Student Transportation	**452,591**	177,551	**630,142**	3,300,164	**3,930,306**	4,815,479	3,968,184
7.73 Housing	**-**	-	**-**	-	**-**	-	-
Total Function 7	**790,808**	**263,245**	**1,054,053**	**3,301,519**	**4,355,572**	5,200,152	4,342,811
9 Debt Services							
Total Function 9	**-**	**-**	**-**	**-**	**-**	-	-
Total Functions 1 - 9	**710,161,276**	**187,297,942**	**897,459,218**	**71,633,821**	**969,093,039**	964,989,577	935,351,555

School District No. 36 (Surrey)

Schedule of Special Purpose Operations
Year Ended June 30, 2026

	2026 Budget	**2026 Actual**	2025 Actual
	$	**$**	$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	109,908,535	**120,923,333**	114,654,859
Other	421,535	**710,728**	812,141
Federal Grants	37,500	**50,027**	61,168
Other Revenue	20,501,640	**20,432,069**	21,699,879
Investment Income	49,000	**31,092**	88,110
Total Revenue	130,918,210	**142,147,249**	137,316,157
Expenses			
Instruction	128,242,736	**138,364,206**	134,001,071
Operations and Maintenance	548,467	**493,640**	430,096
Transportation and Housing	89,000	**77,292**	93,776
Total Expense	128,880,203	**138,935,138**	134,524,943
Special Purpose Surplus (Deficit) for the year, before endowment contributions	2,038,007	**3,212,111**	2,791,214
Endowment Contributions	-	**416,791**	5,015
Special Purpose Surplus (Deficit) for the year	2,038,007	**3,628,902**	2,796,229
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(2,038,007)	**(3,212,111)**	(2,791,214)
Total Net Transfers	(2,038,007)	**(3,212,111)**	(2,791,214)
Total Special Purpose Surplus (Deficit) for the year	-	**416,791**	5,015
Special Purpose Surplus (Deficit), beginning of year		**805,015**	800,000
Special Purpose Surplus (Deficit), end of year		**1,221,806**	805,015
Special Purpose Surplus (Deficit), end of year			
Endowment Contributions		**1,221,806**	805,015
Total Special Purpose Surplus (Deficit), end of year		**1,221,806**	805,015

School District No. 36 (Surrey)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead
	$	$	$	$	$	$	$	$	$
Deferred Revenue, beginning of year	-	-	915,244	4,468,146	-	98,770	101,852	-	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	2,362,477	3,324,202	-	-	714,000	257,250	646,575	4,464,977	1,561,149
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-		-	-
Other	-	-	802,275	16,629,728	42,000	-	245	-	-
Investment Income	5,512	-	24,838	-	-	-	-	-	-
	2,367,989	3,324,202	827,113	16,629,728	756,000	257,250	646,820	4,464,977	1,561,149
Less: Allocated to Revenue	2,367,989	3,324,202	566,652	16,377,040	697,219	120,197	658,445	4,464,977	1,561,149
Deferred Revenue, end of year	**-**	**-**	**1,175,705**	**4,720,834**	**58,781**	**235,823**	**90,227**	**-**	**-**
Revenues									
Provincial Grants - Ministry of Education and Child Care	2,362,477	3,324,202	-	-	655,219	120,197	658,200	4,464,977	1,561,149
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-		-	-
Other Revenue	-	-	541,814	16,377,040	42,000	-	245	-	-
Investment Income	5,512	-	24,838	-	-	-	-	-	-
	2,367,989	3,324,202	566,652	16,377,040	697,219	120,197	658,445	4,464,977	1,561,149
Expenses									
Salaries									
Teachers	-	-	-	-	-	14,603	346,142	-	-
Principals and Vice Principals	-	-	-	-	-	-	-	-	106,389
Educational Assistants	-	2,453,709	-	-	-	-	-	1,377,593	-
Support Staff	-	-	-	-	403,614	10,525	-	1,053,397	89,418
Other Professionals	239,814	-	-	-	47,725	26,154	-	308,173	207,114
Substitutes	-	318,983	-	-	45,677	-	-	658,126	737,906
	239,814	2,772,692	-	-	497,016	51,282	346,142	3,397,289	1,140,827
Employee Benefits	52,759	551,510	-	-	168,684	7,578	38,611	1,027,045	227,347
Services and Supplies	201,064	-	566,652	16,377,040	31,519	61,337	273,692	40,643	192,975
	493,637	3,324,202	566,652	16,377,040	697,219	120,197	658,445	4,464,977	1,561,149
Net Revenue (Expense) before Interfund Transfers	1,874,352	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(1,874,352)	-	-	-	-	-	-	-	-
	(1,874,352)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 36 (Surrey)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children (CR4YC)	Seamless Day Kindergarten	Student & Family Affordability (SFAF)	JUST B4	Strengthening Early Years to Kindergarten (SEY2KT)
	$	$	$	$	$	$	$	$	$
Deferred Revenue, beginning of year	1,060,992	-	7,845	-	10,361	67,216	200,983	24,471	30,261
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	86,453,852	3,989,764	69,447	47,000	-	55,400	-	25,000	-
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Federal Grants	-	-		-	-	-	-	-	-
Other	-	-	-	-	8,000	45,712	-	21,023	2,100
Investment Income	-	-	-	-	-	-	-	-	-
	86,453,852	3,989,764	69,447	47,000	8,000	101,112	-	46,023	2,100
Less: Allocated to Revenue	86,591,757	3,989,764	77,292	28,667	-	168,328	160,596	66,334	32,361
Deferred Revenue, end of year	**923,087**	**-**	**-**	**18,333**	**18,361**	**-**	**40,387**	**4,160**	**-**
Revenues									
Provincial Grants - Ministry of Education and Child Care	86,591,757	3,989,764	77,292	28,667	-	122,617	160,596	45,311	32,361
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Federal Grants	-	-		-	-	-	-	-	-
Other Revenue	-	-	-	-	-	45,711	-	21,023	-
Investment Income	-	-	-	-	-	-	-	-	-
	86,591,757	3,989,764	77,292	28,667	-	168,328	160,596	66,334	32,361
Expenses									
Salaries									
Teachers	68,832,889	2,102,931	-	-	-	-	-	-	11,025
Principals and Vice Principals	-	-	-	-	-	-	-	-	8,794
Educational Assistants	-	-	-	-	-	-	-	-	-
Support Staff	-	-	9,399	-	-	128,316	-	49,600	1,254
Other Professionals	-	-	-	-	-	-	-	-	-
Substitutes	-	-	-	-	-	-	-	-	-
	68,832,889	2,102,931	9,399	-	-	128,316	-	49,600	21,073
Employee Benefits	17,758,868	524,419	3,096	81	-	33,378	-	16,701	2,617
Services and Supplies	-	1,362,414	64,797	28,586	-	6,634	160,596	33	8,671
	86,591,757	3,989,764	77,292	28,667	-	168,328	160,596	66,334	32,361
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

School District No. 36 (Surrey)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

	Early Care & Learning (ECL)	Feeding Futures Fund	Health Career Grants	Professional Learning Grant	National School Food Program	French Immersion Growth	Provincial Resource Program	Daytrippers	Endowments
	$	$	$	$	$	$	$	$	$
Deferred Revenue, beginning of year	1,221	2,924,341	118,998	204,125	973,259	698	66,591	241	18,625
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	525,000	8,831,277	95,500	-	1,459,890	-	1,251,001	-	-
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-		-	-	-	-
Other	-	-	-	-	-	-	-	6,904	-
Investment Income	-	-	-	-	-	-	-	-	24,448
	525,000	8,831,277	95,500	-	1,459,890	-	1,251,001	6,904	24,448
Less: Allocated to Revenue	176,213	11,219,392	75,261	47,302	2,433,149	698	1,186,696	6,904	-
Deferred Revenue, end of year	**350,008**	**536,226**	**139,237**	**156,823**	**-**	**-**	**130,896**	**241**	**43,073**
Revenues									
Provincial Grants - Ministry of Education and Child Care	176,213	11,219,392	75,261	47,302	2,433,149	698	1,186,696	-	-
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-		-	-	-	-
Other Revenue	-	-	-	-	-	-	-	6,904	-
Investment Income	-	-	-	-	-	-	-	-	-
	176,213	11,219,392	75,261	47,302	2,433,149	698	1,186,696	6,904	-
Expenses									
Salaries									
Teachers	-	-	55,932	27,035	-	-	755,912	-	-
Principals and Vice Principals	145,952	-	-	-	-	565	-	-	-
Educational Assistants	-	-	3,424	-	-	-	82,528	-	-
Support Staff	-	1,855,951	-	-	-	-	-	-	-
Other Professionals	-	359,539	-	-	-	-	-	-	-
Substitutes	-	8,541	-	-	-	-	28,331	-	-
	145,952	2,224,031	59,356	27,035	-	565	866,771	-	-
Employee Benefits	29,737	596,071	3,839	-	-	133	233,682	-	-
Services and Supplies	524	8,399,290	12,066	20,267	1,485,513	-	86,243	6,904	-
	176,213	11,219,392	75,261	47,302	1,485,513	698	1,186,696	6,904	-
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	947,636	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	(947,636)	-	-	-	-
	-	-	-	-	(947,636)	-	-	-	-
Net Revenue (Expense)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

School District No. 36 (Surrey)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

	Surrey Youth Resiliency	Safe School Program	Community School Other	Donations	Rapid Response Fund	PAC Contributions	Indigenous ED Windspeaker	Integrated Child & Youth Resiliency	Gang Prevention (BC)
	$	$	$	$	$	$	$	$	$
Deferred Revenue, beginning of year	-	83,888	774,679	1,649,906	44,595	322,275	6,046	317,770	170,834
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	-	-	-	-	-	-	-	1,508,091	-
Provincial Grants - Other	-	-	153,000	1,186	-	-	-	-	562,046
Federal Grants	-	-	-	-	-	-	50,000	-	-
Other	356,177	28,000	361,435	3,206,575	-	137,061	-	-	-
Investment Income	-	-	-	742	-	-	-	-	-
	356,177	28,000	514,435	3,208,503	-	137,061	50,000	1,508,091	562,046
Less: Allocated to Revenue	355,090	34,792	801,108	2,020,897	-	211,378	50,027	1,589,836	556,272
Deferred Revenue, end of year	**1,087**	**77,096**	**488,006**	**2,837,512**	**44,595**	**247,958**	**6,019**	**236,025**	**176,608**
Revenues									
Provincial Grants - Ministry of Education and Child Care	-	-	-	-	-	-	-	1,589,836	-
Provincial Grants - Other	-	270	153,000	1,186	-	-	-	-	556,272
Federal Grants	-	-	-	-	-	-	50,027	-	-
Other Revenue	355,090	34,522	648,108	2,018,969	-	211,378	-	-	-
Investment Income	-	-	-	742	-	-	-	-	-
	355,090	34,792	801,108	2,020,897	-	211,378	50,027	1,589,836	556,272
Expenses									
Salaries									
Teachers	70,404	-	-	44,910	-	-	-	-	61,270
Principals and Vice Principals	-	-	-	-	-	-	-	-	-
Educational Assistants	-	-	-	-	-	-	-	-	-
Support Staff	113,732	2,553	355,241	15,006	-	202	-	404,253	257,309
Other Professionals	-	-	-	-	-	-	-	689,725	45,264
Substitutes	-	-	-	-	-	-	-	-	-
	184,136	2,553	355,241	59,916	-	202	-	1,093,978	363,843
Employee Benefits	52,299	487	49,836	5,533	-	22	-	246,542	95,208
Services and Supplies	118,655	31,752	396,031	1,711,126	-	120,588	50,027	194,081	97,221
	355,090	34,792	801,108	1,776,575	-	120,812	50,027	1,534,601	556,272
Net Revenue (Expense) before Interfund Transfers	-	-	-	244,322	-	90,566	-	55,235	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	(244,322)	-	(90,566)	-	(55,235)	-
	-	-	-	(244,322)	-	(90,566)	-	(55,235)	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 36 (Surrey)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

	Physical Health Education	TOTAL
	$	$
Deferred Revenue, beginning of year	98,806	14,763,039
Add: Restricted Grants		
Provincial Grants - Ministry of Education and Child Care	-	117,641,852
Provincial Grants - Other	-	716,232
Federal Grants	-	50,000
Other	62,000	21,709,235
Investment Income	-	55,540
	62,000	140,172,859
Less: Allocated to Revenue	129,265	142,147,249
Deferred Revenue, end of year	**31,541**	**12,788,649**
Revenues		
Provincial Grants - Ministry of Education and Child Care	-	120,923,333
Provincial Grants - Other	-	710,728
Federal Grants	-	50,027
Other Revenue	129,265	20,432,069
Investment Income	-	31,092
	129,265	142,147,249
Expenses		
Salaries		
Teachers	35,868	72,358,921
Principals and Vice Principals	57,383	319,083
Educational Assistants	-	3,917,254
Support Staff	2,593	4,752,363
Other Professionals	-	1,923,508
Substitutes	-	1,797,564
	95,844	85,068,693
Employee Benefits	21,743	21,747,826
Services and Supplies	11,678	32,118,619
	129,265	138,935,138
Net Revenue (Expense) before Interfund Transfers	-	3,212,111
Interfund Transfers		
Tangible Capital Assets Purchased	-	(3,212,111)
	-	(3,212,111)
Net Revenue (Expense)	-	-

School District No. 36 (Surrey)

Schedule of Capital Operations
Year Ended June 30, 2026

	2026 Budget	2026 Actual: Invested in Tangible Capital Assets	2026 Actual: Local Capital	2026 Actual: Fund Balance	2025 Actual
	$	$	$	$	$
Revenues					
Provincial Grants					
Ministry of Education and Child Care	-	**58,701**		**58,701**	41,240,506
Municipal Grants Spent on Sites	-	**12,448**		**12,448**	3,853,718
Other Revenue	200,000	**-**	**59,237**	**59,237**	453,957
Rentals and Leases	93,075		**110,780**	**110,780**	108,551
Investment Income	250,000		**400,113**	**400,113**	450,780
Amortization of Deferred Capital Revenue	39,929,497	**40,172,854**		**40,172,854**	38,071,196
Gain on Revaluation of ARO Liability and Settlement of Al	-	**27,098,281**	**-**	**27,098,281**	63,458
Total Revenue	40,472,572	**67,342,284**	**570,130**	**67,912,414**	84,242,166
Expenses					
Operations and Maintenance	-	**13,602,845**	**-**	**13,602,845**	-
Amortization of Tangible Capital Assets					
Operations and Maintenance	53,155,597	**53,366,475**		**53,366,475**	51,207,180
Total Expense	53,155,597	**66,969,320**	**-**	**66,969,320**	51,207,180
Capital Surplus (Deficit) for the year	(12,683,025)	**372,964**	**570,130**	**943,094**	33,034,986
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	4,321,125	**5,937,595**		**5,937,595**	7,888,324
Local Capital	3,089,737		**2,887,951**	**2,887,951**	3,729,881
Total Net Transfers	7,410,862	**5,937,595**	**2,887,951**	**8,825,546**	11,618,205
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		**2,623,498**	**(2,623,498)**	**-**	
Tangible Capital Assets WIP Purchased from Local Capital		**2,267,771**	**(2,267,771)**	**-**	
Total Other Adjustments to Fund Balances		**4,891,269**	**(4,891,269)**	**-**	
Total Capital Surplus (Deficit) for the year	(5,272,163)	**11,201,828**	**(1,433,188)**	**9,768,640**	44,653,191
Capital Surplus (Deficit), beginning of year		**621,065,136**	**14,531,844**	**635,596,980**	590,943,789
Capital Surplus (Deficit), end of year		**632,266,964**	**13,098,656**	**645,365,620**	635,596,980

School District No. 36 (Surrey)
Tangible Capital Assets
Year Ended June 30, 2026

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	$	$	$	$	$	$	$
Cost, beginning of year	493,355,512	1,721,419,689	85,177,796	10,989,119	-	14,534,195	**2,325,476,311**
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	58,701	21,439,990	3,357,502	-	-	595,075	**25,451,268**
Deferred Capital Revenue - Other	12,448	1,546,718	544,911	-	-	50,648	**2,154,725**
Operating Fund	-	-	562,662	1,424,890	-	737,932	**2,725,484**
Special Purpose Funds	-	1,885,040	1,327,071	-	-	-	**3,212,111**
Local Capital	-	503,767	2,119,731	-	-	-	**2,623,498**
Transferred from Work in Progress		55,653,502					**55,653,502**
	71,149	81,029,017	7,911,877	1,424,890	-	1,383,655	**91,820,588**
Decrease:							
Deemed Disposals			4,354,263	1,186,524	-	4,181,592	**9,722,379**
Revaluation of ARO - Building	-	27,098,281	-	-	-	-	**27,098,281**
	-	27,098,281	4,354,263	1,186,524	-	4,181,592	**36,820,660**
Cost, end of year	493,426,661	1,775,350,425	88,735,410	11,227,485	-	11,736,258	**2,380,476,239**
Work in Progress, end of year		98,982,049					**98,982,049**
Cost and Work in Progress, end of year	493,426,661	1,874,332,474	88,735,410	11,227,485	-	11,736,258	**2,479,458,288**
Accumulated Amortization, beginning of year		775,482,738	37,683,604	6,175,097	-	7,611,570	**826,953,009**
Changes for the Year							
Amortization for the Year		40,932,942	8,695,660	1,110,829	-	2,627,044	**53,366,475**
		40,932,942	8,695,660	1,110,829	-	2,627,044	**53,366,475**
Deemed Disposals			4,354,263	1,186,524	-	4,181,592	**9,722,379**
Written-off During Year							**-**
Revaluation of ARO - Accumulated Amortization		27,098,281	-	-	-	-	**27,098,281**
		27,098,281	4,354,263	1,186,524	-	4,181,592	**36,820,660**
Accumulated Amortization, end of year		789,317,399	42,025,001	6,099,402	-	6,057,022	**843,498,824**
Tangible Capital Assets - Net	**493,426,661**	**1,085,015,075**	**46,710,409**	**5,128,083**	**-**	**5,679,236**	**1,635,959,464**

School District No. 36 (Surrey)

Tangible Capital Assets - Work in Progress
Year Ended June 30, 2026

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	$	$	$	$	$
Work in Progress, beginning of year	76,554,726				**76,554,726**
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	73,707,376				**73,707,376**
Deferred Capital Revenue - Other	2,105,678				**2,105,678**
Local Capital	2,267,771				**2,267,771**
	78,080,825	-	-	-	**78,080,825**
Decrease:					
Transferred to Tangible Capital Assets	55,653,502				**55,653,502**
	55,653,502	-	-	-	**55,653,502**
Net Changes for the Year	22,427,323	-	-	-	**22,427,323**
Work in Progress, end of year	**98,982,049**	**-**	**-**	**-**	**98,982,049**

School District No. 36 (Surrey)

Deferred Capital Revenue
Year Ended June 30, 2026

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	$	$	$	$
Deferred Capital Revenue, beginning of year	795,731,713	30,013,527		**825,745,240**
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	25,392,567	2,142,277		**27,534,844**
Transferred from Work in Progress	48,674,475	2,733,237		**51,407,712**
	74,067,042	4,875,514	-	**78,942,556**
Decrease:				
Amortization of Deferred Capital Revenue	38,899,637	1,273,217		**40,172,854**
Reclassified Deferred Capital Contributions to Local Capital	11	-		**11**
	38,899,648	1,273,217	-	**40,172,865**
Net Changes for the Year	35,167,394	3,602,297	-	**38,769,691**
Deferred Capital Revenue, end of year	830,899,107	33,615,824	-	**864,514,931**
Work in Progress, beginning of year	64,950,043	6,353,163		**71,303,206**
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	73,707,376	2,105,678		**75,813,054**
	73,707,376	2,105,678	-	**75,813,054**
Decrease				
Transferred to Deferred Capital Revenue	48,674,475	2,733,237		**51,407,712**
	48,674,475	2,733,237	-	**51,407,712**
Net Changes for the Year	25,032,901	(627,559)	-	**24,405,342**
Work in Progress, end of year	89,982,944	5,725,604	-	**95,708,548**
Total Deferred Capital Revenue, end of year	**920,882,051**	**39,341,428**	**-**	**960,223,479**

School District No. 36 (Surrey)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2026

	Bylaw Capital	MECC Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	$	$	$	$	$	$
Balance, beginning of year	-	7,864,481	-	2,504,571	-	**10,369,052**
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	99,448,721		1,867,580			**101,316,301**
Investment Income	-	208,183	-	116,110		**324,293**
Transfer project surplus to MECC Restricted (from) Bylaw	(290,088)	290,088				**-**
Other Revenue	-	247,577	-	-		**247,577**
Local Government Site Fees	-	-	-	2,736,525		**2,736,525**
	99,158,633	745,848	1,867,580	2,852,635	-	**104,624,696**
Decrease:						
Transferred to DCR - Capital Additions	25,392,567	307,923	1,834,354			**27,534,844**
Transferred to DCR - Work in Progress	73,707,376	2,072,452	33,226			**75,813,054**
Transferred to Revenue - Site Purchases	58,701	-	-	12,448		**71,149**
Reclassified Deferred Capital Contributions to Local Capital	(11)	-	-	-		**(11)**
	99,158,633	2,380,375	1,867,580	12,448	-	**103,419,036**
Net Changes for the Year	-	(1,634,527)	-	2,840,187	-	**1,205,660**
Balance, end of year	**-**	**6,229,954**	**-**	**5,344,758**	**-**	**11,574,712**