2026/27 ANNUAL BUDGET INSTRUCTIONS

For British Columbia School Districts

March 2026

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SECTION A: SUMMARY OF INFORMATION REQUIRED BY THE MINISTRY

1. Completion of Forms

Pursuant to section 156 of the *School Act* (Accounting Practices), Boards of Education (the "Boards") are required to prepare and submit budgets to the Minister, in the form, with the information, and at the time required by the Minister. Pursuant to section 111 of the *School Act* (Preparation of Annual Budget) the annual budget of the Board of a school district must be in the form specified by the Minister. The annual budget must be prepared in accordance with the Accounting Practices Order, the Financial Planning and Reporting Policy and the K-12 Accumulated Operating Surplus Policy. **The ministry's Excel template must be used to prepare the 2026/27 annual budget**. This template can be downloaded from the Ministry of Education and Child Care's (MECC) website.

For 2026/27, Boards must prepare an annual budget and have it adopted by bylaw on or before **June 30, 2026** as per section 113 of the *School Act* (Adoption of Budget), and submitted to the Ministry by this date.

"NEW" Budgets must now be submitted electronically. This annual budget is the Board of Education's own financial plan for the 2026/27 school year. **The PDF of the signed hard copy must be identical to the electronic Excel version.**

Ministry contact regarding the Annual Budget is: Kevin Herkel Kevin.Herkel@gov.bc.ca
Telephone: 250 356-5088

Ministry Excel template questions can be directed to: Richard Ralloff Richard.Ralloff@gov.bc.ca
Telephone: 778 676-3557

2. Annual Budget Submission **DUE DATE: June 30, 2026**

"NEW" One (1) **clear and readable PDF** submitted to: SDFR@gov.bc.ca:

- Annual Budget Bylaw **– the original must be certified and have original signatures.**
- Annual Budget **- version numbers generated at the bottom of each page are control mechanisms which ensure continuity between Excel data electronically submitted to the Ministry, and the PDF copy of the Annual Budget signed by the Board.**
  - Statement 2 - Revenue and Expense **(signed)**
  - Statement 4 - Change in Net Financial Assets (Debt)
  - Schedule 2 - Operating Revenue and Expense
  - Schedule 2A - Schedule of Operating Revenue by Source
  - Schedule 2B - Schedule of Operating Expense by Object
  - Schedule 2C - Operating Expense by Function, Program and Object
  - Schedule 3 - Special Purpose Revenue and Expense
  - Schedule 3A - Changes in Special Purpose Funds
  - Schedule 4 - Capital Revenue and Expense

SECTION A: SUMMARY OF INFORMATION REQUIRED BY THE MINISTRY

2. Annual Budget Submission – Cont'd

One (1) electronic submission of the Excel file:

- **Set to "Finalize Package"**
- Submit Excel file to: SDFR@gov.bc.ca

Districts should retain the original signed hard copy.

Referendum (if required)

There is no change to the referendum process. Referendums may be held in April for the next fiscal year. Boards are responsible for forecasting referendum tax revenues based on the referendum tax rates approved and the school district's assessed residential property values. Boards planning a referendum should refer to Section 112 of the *School Act*, or contact Kevin Herkel at the Ministry for information on procedures, assessments and taxation.

If a referendum is approved, the Board must adopt a School Referendum Tax Rate Bylaw by April 30, 2026 and send a certified copy of the adopted bylaw to the council of each municipality in the school district and the Surveyor of Taxes with respect to the rural area of the school district.

A Budget and School Referendum Tax Rate Bylaw can be downloaded from the Ministry website.

Ministry Contact: Kevin Herkel Telephone: 778 698-5410 Email: Kevin.Herkel@gov.bc.ca

SECTION B: 2026/27 ANNUAL BUDGET FORMAT OVERVIEW

As district's audited financial statements must include the presentation of budget figures, budget reporting must follow the same accounting principles used for financial statement reporting. School districts are required to prepare their budget following Public Sector Accounting Standards (PSAS). The Annual Budget statements and schedules follow the same format used for Financial Statement reporting. See "School District Financial Statement Reporting" on the Ministry website.

The 2026/27 Annual Budget follows the same format used in 2025/26.

Statement 2 "Annual Budget – Revenue and Expense" will be populated (with the exception of the FTE amounts) from the information entered into the balance of the Annual Budget statements and schedules and will consolidate all revenue and expense by function reported for the operating (Sch 2), special purpose (Sch 3) and capital funds (Sch 4).

The total budget bylaw amount, which includes expenses and asset purchases from all funds, is presented at the end of this Statement (see Section H for more information and specific instructions).

Once finalized, the printed version will contain an area for Board Approval. Please ensure that the version submitted to the Ministry includes the original signatures for the Chair, Superintendent and Secretary Treasurer.

Statement 4 – "Annual Budget – Change in Net Financial Assets (Debt)" reports the budgeted changes including tangible capital asset acquisitions by source and asset amortization. Only some of the values on this schedule are automatically populated from information entered on other schedules (see Section G for more information and specific instructions).

Schedules 2 – 2C reports Operating Revenue and Expense (see Section D for more information and specific instructions).

Schedules 3 and 3A reports Special Purpose Revenue and Expense (see Section E for more information and specific instructions). **"NEW"** Schedule 3A now includes a column to report the "School Foods Coordinated Procurement" grant.

Schedule 4 reports Capital Revenue and Expense (see Section F for more information and specific instructions).

SECTION C: BALANCED BUDGET DEFINITION AND SURPLUSES/DEFICITS 2025/26

Boards are required to prepare a balanced budget where board revenues plus any appropriated surpluses fully fund the following:

- annual operating expenses,
- annual special purpose fund (SPF) expenses,
- annual capital fund expenses,
- tangible capital asset acquisitions (from Operating, SPF's & Local Capital),
- any planned reduction of prior years' deficits.

The 2025/26 operating surplus and prior years' accumulated surpluses can be appropriated to finance expenses for 2026/27. Any budgeted appropriation of an operating surplus must be recorded on Schedule 2 – "Annual Budget – Operating Revenue and Expense" as "Budgeted Prior Year Surplus Appropriation". **Appropriations should not include prior years' surpluses that will not be spent in 2026/27**. "Accumulated" surplus is reflected in the annual financial statements of the district.

The annual budget must be prepared in accordance with the Accounting Practices Order, the Financial Planning and Reporting Policy and the K-12 Accumulated Operating Surplus Policy.

Boards incurring an operating deficit and/or a local capital deficit in 2025/26 must budget to retire these deficits in 2026/27 or in accordance with the specific instructions and conditions authorized by the Minister for multi-year deficits. **In accordance with section 156 (12) of the *School Act*, Boards are required to seek deficit approval from the Minister prior to incurring a deficit of any kind.**

SECTION D: OPERATING REVENUE AND EXPENSE

1. Timing of Operating Grant Payments

Consistent with 2025/26, the Ministry will disburse the 2026/27 operating grant as follows:

- July and August – 3 percent of operating grant allocation per month,
- September – 5.35 percent of allocation,
- October through March – 9.775 percent per month,
- April through June – 10 percent per month,
- Payments will be made twice per month

School Districts needing an adjustment to the set percentage due to unforeseen circumstances through the school year may contact the Ministry for assistance. January through June 2027 payments will be amended for the autumn operating grant recalculation.

Ministry contacts for timing of operating grant payments:

- Tim Jah, Director, Funding & Allocation (Tim.Jah@gov.bc.ca)
- Kevin Herkel, Director, School District Financial Reporting (Kevin.Herkel@gov.bc.ca)

2. Schedules 2 – 2C – Summary of Operating Budget Formats

There are no significant changes to the format from the prior year.

Schedule 2 – "Annual Budget – Operating Revenue and Expense" will be populated from the information entered into Schedule 2A – "Schedule of Operating Revenue by Source" and Schedule 2C – "Operating Expense by Function, Program and Object".

Budgeted prior year surplus appropriation, retirement of deficit, transfers to the capital fund for tangible capital asset purchases, work in progress purchases, capital lease and loan payments and transfers to local capital are reported on this schedule.

Schedule 2A – "Annual Budget – Schedule of Operating Revenue by Source" presents budgeted operating revenues from all sources.

Schedule 2B – "Annual Budget – Schedule of Operating Expense by Object" salaries and benefits expense will be populated from the information entered into Schedule 2C – "Operation Expenses by Function, Program and Object". Total services and supplies must agree to the total services and supplies reported on Schedule 2C – "Operation Expenses by Function, Program and Object".

Schedule 2C – "Annual Budget – Operating Expense by Function, Program and Object" presents budgeted operating expenses by function, program and object.

SECTION D: OPERATING REVENUE AND EXPENSE
- Continued

3. Operating Fund Account Descriptions

To promote comparability across school districts, school districts must comply with revenue and expense classifications and cost allocation guidelines. Please refer to the document "Operating Fund Account Descriptions" on the School District Financial Reporting website.

This historical document does not include the recently added Programs 1.20, 4.20 & 5.20 "Early Learning and Child Care". Given the recent addition of child care programs and facilities in districts, expenses relating to these programs (that do not fall within regular instruction) should be allocated to these new programs on Schedule 2C.

4. Revenue

a) Operating Grants, Ministry of Education and Child Care

The estimated amount of Operating Grant revenue is shown in Table 1a of the 2026/27 Operating Grant Tables. This is located on the Ministry website.

Report the total Operating grants shown in the column "2026/27 Full-Year" which includes the targeted funding for Indigenous Education Councils. Districts planning to Budget additional operating grants for anticipated increased enrolment can report this amount on a separate District Entered line under "Other Ministry of Education and Child Care Grants" and ensure that they also include the corresponding increase in FTE's on Statement 2.

b) Other Ministry of Education and Child Care Grants

Use this section to report unrestricted Ministry of Education and Child Care grants. Pay Equity, Funding for Graduated Adults, Student Transportation Fund, FSA Scorer grant and Child Care Operating grants (ICM, CCOF, ECE wage enhancements, CCFRI) should be reported on the lines provided. District entered lines can be used if a line hasn't been provided (Equity Scan, NGN Self-provisioned site grants, Recruitment & Retention, ICY Clinical Counsellor, etc). Pay Equity and Student Transportation Fund grants can be found on Table A "Summary of Grants to Date, 2026/27" on the Funding and Allocation Branch's website.

c) Provincial Grants - Other

Use this line to report grants from other ministries and Government Reporting Entities (Hospitals/Health Authorities, Universities, Colleges, Crown Corps.) and **NOT** grants from the Ministry of Education and Child Care. Grants from SkilledTradesBC (formerly ITA), other ministries (excluding capital grants) and BCPSEA should be reported here.

SECTION D: OPERATING REVENUE AND EXPENSE

4. Revenue – Cont'd

d) Government Transfers - PSA Standards

Please refer to *Treasury Board Regulation 198/2011* for details on when amounts received from the province should be deferred. All deferred revenues, with the exception of capital contributions and earned revenues (tuition, rentals, etc.) must be reported as special purpose funds (see Section E for more information and specific instructions).

e) Tuition

Schedule 2A - "Annual Budget – Schedule of Operating Revenue by Source" includes a separate revenue category for tuitions. Please report tuition fee revenues on the appropriate line of this section rather than as other revenues.

f) Other Revenue

Other revenue can be used to finance expenditures beyond operating grant revenue and should be recorded in the appropriate accounts. Boards of education are reminded that any amounts budgeted under revenue account "*Other Ministry of Education and Child Care Grants*" or "*Miscellaneous*" using a district entered line require a description in the space provided.

g) Funding from First Nations

Boards of education are to budget the full amount of anticipated Funding from First Nations (includes LEA/Direct Funding) on Schedule 2A "Annual Budget – Schedule of Operating Revenue by Source" on the line "Funding from First Nations". This will ensure that the source of funding is shown accurately.

Funding from First Nations is provided as part of the Operating Grants and will be recalculated in the autumn. As in prior years, amounts will be recovered by the Ministry based on the Nominal Roll information provided to the Ministry by Indigenous Services Canada (ISC). **This recovery should be reported separately on its own line as a negative amount on Schedule 2A** "Annual Budget - Schedule of Operating Revenue by Source" on the line "ISC/LEA Recovery".

The Ministry will hold back the estimated amount of Funding from First Nations from the operating grant until the grant amount is recalculated and the Nominal Roll review is complete (target date: April 2027). Payments or recoveries will be adjusted in grant payments before June 30, 2027.

SECTION D: OPERATING REVENUE AND EXPENSE
- Continued

5. Expense

a) Indigenous Education Programs/Indigenous Education Councils

Expenses for Indigenous Education Targeted Funding (IETF) as well as expenses relating to the establishment and maintenance of Indigenous Education Councils (IECs) is "targeted". Although these expenses are "targeted", the supplemental funding for these programs are still part of the operating grant and must be reported on Schedule 2A – "Annual Budget – Schedule of Operating Revenue by Source".

The minimum spending level for IETF (program 1.31 Indigenous Education) has been established as the total amount of supplemental funding for these programs Descriptions of these programs can be found in the "Operating Fund Account Descriptions" document (see Section D. 3). For more information please see the K-12 Funding - Indigenous Education Policy website.

Boards of education should only budget for the additional costs as described in these Guidelines. **The budget must not be less than the target amount.** School district's target amounts are derived from Table 4b and Table 9b of the Operating Grants Manual. Any under-spending in 2025/26 should be added to the current year target.

The minimum spending level for the establishment and maintenance of Indigenous Education Councils (IECs) has been established as the total amount of supplemental funding for these programs. These expenditures should be reported in program 4.40 – School District Governance on Sch 2C (refer to the May 10, 2024 DM Bulletin). School district's target amounts are derived from Table 1a and table 14 of the Operating Grants Manual. Boards must develop (in collaboration with IEC members) a Targeted Implementation Plan (Plan) and the IEC members must approve the Plan before any targeted IEC Implementation spending can be done. For more information please see the Indigenous Education Council Policy.

All school districts will be required to provide the Ministry with a summary report of actual Indigenous Education and Indigenous Education Council targeted spending for the 2026/27 school year. A reporting template for districts to track spending will be provided via the DM Bulletin. Spending less than the target amount requires approval from the School District IEC. The school district must provide the Ministry of Education and Childcare a copy of the request as well as confirmation that the IEC has approved the request to spend less than the targeted amounts. Where a board has underspent prior year(s) Indigenous Education targets, the planning, spending and reporting of those expenditures also need to be approved by the IEC. The request for spending less than the target must include a brief rationale explaining why the full target was not spent in 2026/27.

SECTION D: OPERATING REVENUE AND EXPENSE

5. Expense – Cont'd

b) Public Liability and Property Loss Coverage

Boards should budget in program 5.41 for these premiums based on the amount recovered/billed in 2025/2026 adjusted for inflation and for significant changes in enrolment at September 30, 2025.

c) Coordinated Legal and Arbitration Support Services (CLASS) - (formerly EPLP)

Districts should budget for their estimated share of the CLASS program as legal costs in 2026/27. Until the estimated charge for 2026/27 has been calculated and communicated, the 2025/26 amount can be used as an estimate for 2026/27.

d) Digital Services Recovery (NGN and MyEdBC)

Consistent with 2025/26, the recovery model for digital services will be a fee per student model based on the Sept 2026 FTE enrolment count. Until the actual charge to districts is calculated and communicated via the DM Bulletin, the 2025/26 amounts can be used as an estimate for 2026/27.

e) Transfers (to) from Other Funds – Tangible Capital Assets Purchased

Tangible capital assets purchased, including replacements, will be **capitalized** when they meet the criteria for capitalization and where costs exceed capital threshold amounts established by the district.

The amount budgeted from the operating fund for capital purchases will be reported on Schedule 2 "Annual Budget – Operating Revenue and Expense" as "Net Transfers (to) from other funds – Tangible Capital Assets Purchased."

Tangible capital assets purchased from all sources will also be reported on Statement 4 "Change in Net Financial Assets (Debt)". Those assets purchased from Operating, Special Purpose Funds and Local Capital will be included in the total Budget Bylaw amount on Statement 2 "Annual Budget – Revenue and Expense".

f) Transfers (to) from Other Funds – Tangible Capital Assets – Work in Progress

The amount budgeted from the operating fund for tangible capital asset – work in progress purchases will be reported on Schedule 2 "Annual Budget – Operating Revenue and Expense" as "Net Transfers (to) from other funds – Tangible Capital Assets – Work in Progress."

Tangible capital assets purchased, including work in progress, from all sources will also be reported on Statement 4 "Change in Net Financial Assets (Debt)". Those assets, including work in progress, purchased from Operating, Special Purpose Funds and Local Capital will be included in the total Budget Bylaw amount on Statement 2 "Annual Budget – Revenue and Expense".

SECTION D: OPERATING REVENUE AND EXPENSE

5. Expense – Cont'd

g) Transfers (to) from Other Funds – Local Capital

Budgeted transfers to local capital from operating for the year should be reported on Schedule 2 "Annual Budget – Operating Revenue and Expense" as "Net Transfers (to) from other funds – Local Capital." Operating surplus transferred to Local Capital represents funds restricted by the Board for future capital asset purchases. Operating surplus should not be transferred to Local Capital without supporting detail of what capital projects these Local Capital funds will be spent on. Until such time as the funds can be identified for a specific Local Capital funded project, the funds should be retained in operating surplus. Each year's inter-fund transfers should be subject to discussion and approval by the Board prior to the transfer being made, with a formal motion for the transfer of that year's surplus. Please refer to the K-12 Accumulated Operating Surplus Policy that outlines specific circumstances in which boards can restrict operating surplus, transfer available operating surplus to Local Capital and defines the limits of these restrictions, and the K-12 Public Education Financial Planning and Reporting Policy.

These transfers represent a reallocation of surplus between funds and are not part of the total Budget Bylaw amount for 2026/2027 on Statement 2 "Annual Budget – Revenue and Expense". These transfers will net to zero with the transfers that will automatically populate Schedule 4 "Annual Budget – Capital Revenue and Expense".

h) Transfers (to) from Other Funds – Other

Amounts budgeted from the Operating Fund for other purposes, such as capital lease or loan payments and ARO settlements will be reported on Schedule 2 "Annual Budget – Operating Revenue and Expense" as "Net Transfers (to) from other funds – Other."

i) Employee Future Benefits (EFB) Expense

The EFB liability, based on the most recent census data supplied by districts as at October 31, 2024, will be recalculated by the ministry's actuarial consultant by applying the discount rates as at March 31, 2026. The Ministry will be providing districts with an actuarial tool that will include an estimate of the 2026/27 EFB expense. These amounts will not be available until late April/early May 2026.

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

1. Annual Facility Grant (AFG)

Budget 2026 includes an estimated Annual Facility Grant (AFG) allocation of $150.2 million in 2026/27 to fund maintenance and repairs in schools. The $150.2 is made up of $23.5 million from the Ministry of Infrastructure's operating budget and an estimated $126.7 million from Government's capital funding contingency allocation. The final capital allocation will be confirmed later in Spring 2026. A total of $2 million of the AFG allocation will be contributed by school districts to continue funding the Capital Asset Management System (CAMS). Each district's AFG allocation for Government's fiscal year ended March 31, 2027 can be found on the Ministry of Infrastructure's website.

School districts are encouraged to maximize AFG spending for capital related maintenance projects that meet the criteria for capitalization and to complete the planned AFG projects to fully utilize AFG funding by March 31, 2027.

The 2026/27 annual budget should not include any portion of the AFG that districts will receive April – June 2026 (this will be included in the school district's year ended June 30, 2026).

The AFG operating portion should be reported on Schedule 3A – "Changes in Special Purpose Funds" **gross of CAMS**. The corresponding CAMS expense should then be reported as "services and supplies" expense on Schedule 3A.

Do not report AFG Capital amounts received via COA draw on Schedule 3A as these will be reported as Deferred Capital Revenue in the Capital Fund.

Please refer to the AFG policy website for details on allowable expenditures.

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE
- Continued

2. Learning Improvement Fund (LIF)

The Learning Improvement Fund (LIF) was established for the purpose of providing additional resources, specifically targeted to support complex classes that present challenging learning conditions. Districts have the discretion to allocate these funds to improve the learning conditions for all students and support teachers in meeting student needs.

The 2026/27 LIF will be $25 million. This funding is provided to address classrooms with the highest need and must be used for the provision of additional teacher assistants and other para professionals. The Ministry will continue to maintain the *Learning Improvement Fund Regulation* which requires school districts to submit a spending plan to the Ministry specifying how school districts spend their LIF allocation. This directly enables the provision of additional hours, up to 35 hours per week, and/or positions to enhance direct services to students.

Districts will be expected to consult with local unions in determining deployment of their LIF allocation. Any issues should be raised with the BCPSEA local representative. A *Confirmation of Genuine Consultation Form* must be submitted to BCPSEA which will in turn permit the release of LIF funds to districts.

District allocations can be found in Table A of the "Summary of Grants to Date, 2026/27" on the Ministry website.

Unspent LIF amounts from 2025/26 not recovered should be fully expended by June 30, 2027. Staffing plan reporting will be included with the CEF reporting (see Section E: part 3).

Upon receipt of the district's financial statements, ministry staff will review LIF spending as detailed on Schedule 3A. Specifically, ministry staff will verify that LIF grants were only spent on Educational Assistants' and support staff salaries and benefits. Spending less than the annual allocation may impact the following year's allocation.

Spending of the LIF grant must not reduce the expenditures the district would have made to address learning improvement issues if the board did not receive the grant.

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE
- Continued

3. Classroom Enhancement Fund (CEF)

The Classroom Enhancement Fund (CEF) was created to fund the Memorandum of Agreement (MoA), negotiated with the 2013-2019 BCPSEA–BCTF Provincial Collective Agreement.

To continue to fund this agreement, the Ministry has initially committed $810.0 million for school districts for the 2026/27 school year. The CEF continues to be provided to districts as a special purpose fund in 2026/27. The preliminary funding represents $763.2 million for the FTE Teacher staffing allocation and $46.8 million for CEF overhead funding. CEF funding for remedies will, as was the case in 2025/26, be initially based on October 2026 remedies incurred then adjusted for yearend actuals. The preliminary allocations can be found in Table B of the "Summary of Grants to Date, 2026/27" on the Ministry website.

It is Government's expectation that there will be little, if any, underspend of the CEF as at June 30, 2027. On-going monitoring by the Secretary-Treasurer (ST) of CEF spending is expected. If the ST anticipates ***underspending any category of CEF by more than 2%*** of the approved CEF allocation, Tim Jah (Tim.Jah@gov.bc.ca) must be notified no later than March 31, 2027. The Ministry will take steps to adjust grants for the period April 1, 2027 through June 30, 2027 to minimize underspending.

Three columns are provided on Schedule 3A to report the CEF ("Staffing", "Overhead" and "Remedies"). Until the remedies allocation is known, only the CEF – Staffing and CEF – Overhead columns will need to be used. Please note the following:

- Unique (unforeseen) issues and related costs pertaining to your school district that are creating challenges locally should be communicated to the Ministry.
- Boards of Education are responsible for ensuring that funding is spent in a manner that aligns with the MoA and optimal classroom organization to ensure the most efficient use of resources.
- Final staffing plans will be expected by October 16th, once Fall 2026 staffing is known. Reporting templates for the 2026/27 school year will be forthcoming from the Ministry starting in the summer of 2026.
- Adjustments to district allocations may be made once final Fall 2026 staffing is known and/or after the 2026/27 school year, especially if it is determined that a particular school district received more funding than was required. Final 2026/27 allocations will be confirmed at the same time as the operating grant recalculation in December 2026.
- Districts will be required to provide a final report as at June 30, 2027 outlining their hiring and use of remedies, together with a final financial submission that can be reviewed against district audited financial statements. Unspent amounts as at June 30, 2027 will be recovered by the Ministry.

If you have questions regarding the distribution or accounting and reporting requirements, please contact Tim Jah (Tim.Jah@gov.bc.ca).

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE
- Continued

4. Schedule 3A – Changes in Special Purpose Funds

This schedule is used to track district's deferred revenues and amounts that will be budgeted as revenue, expense and assets purchased from these deferred revenues (special purpose funds (SPF's)). Although opening deferred revenue balances for July 1, 2026 will not be finalized, districts **may** use the first 3 rows of this schedule to estimate this opening balance if they wish to budget expending any prior years' deferred revenues. *If left blank, these rows will not print.*

"NEW" Schedule 3A now includes a column to report the "School Foods Coordinated Procurement" grant.

The budgeted transactions (amounts received and transferred to revenue) for deferred revenues must be reported on this schedule in order to calculate budgeted revenues for the year. A button is provided on this schedule for districts wishing not to print the deferred revenue section of this schedule in their annual budget submission. All restricted contributions received, with the exception of capital contributions, must be reported on Schedule 3A ("unearned revenues" such as tuition and rentals must be reported in the operating fund).

In order to facilitate the budgeting process for school districts, the 2026/27 preliminary allocation of certain special purpose fund grants (CEF, LIF, CommunityLINK, Pay Equity, Student Transportation, Feeding Futures Fund) has been announced by the Ministry and can be found in Table A of the "Summary of Grants to date, 2026/27" on the Ministry website.

Operating and Capital funds cannot be transferred to special purpose funds. **Only restricted contributions received from an external party** may be reported on Schedule 3A. Please refer to *Treasury Board Regulation 198/2011* for the definition of a restricted contribution.

The following grants meet the definition of a restricted contribution per *Treasury Board Regulation 198/2011*. To ensure consistent reporting these grants **"must"** be reported on Schedule 3A:

- Annual Facility Grants (AFG) (excluding amounts paid via bylaw COA's)
- Learning Improvement Fund (LIF)
- Special Education Equipment Grants
- Scholarships and Bursaries
- Strong Start Centre Grants
- Ready Set Learn Grants
- Official Languages in Education French Programs (OLEP) Grants
- CommunityLINK Grants (CLink)
- Classroom Enhancement Fund – Staffing
- Classroom Enhancement Fund – Overhead
- Classroom Enhancement Fund – Remedies

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

4. Schedule 3A – Changes in Special Purpose Funds – Cont'd

- First Nation Student Transportation Fund (BCTEA)
- Mental Health in Schools
- Changing Results for Young Children (CR4YC) (District Capacity Building)
- Seamless Day Kindergarten
- Early Childhood Education (ECE) Dual Credit program
- Student & Family Affordability fund (2025/26 carry forward amounts only)
- Just B4
- Strengthening Early Years to Kindergarten Transitions (SEY2KT)
- Early Care & Learning (ECL)
- Feeding Futures Fund
- Health Career Grants (Dual Credit Expansion, Work Experience and Career Sampler)
- Dual Credit Program Expansion
- Professional Learning grant (2025/26 carry forward amounts)
- National School Food Program
- Work Experience Enhancement
- School age Childcare Pilot
- Project Penny
- School Foods Coordinated Procurement **"NEW"**
- Provincial Resource Program Grants (PRP) (including SET BC and related literacy supports)
- School Generated Funds (restricted contributions only)
- Controlled and Related Entities (if applicable – see below)
- Earnings and disbursements of endowments (excluding capital)
- Interest earned on any of the above funds

The following Ministry of Education and Child Care grants "do not" meet the definition of a restricted contribution and therefore **"MUST NOT"** be reported on Schedule 3A but on Schedule 2A – "Annual Budget – Schedule of Operating Revenue by Source" instead:

- Pay Equity Grants (PE)
- Operating Grants (including Indigenous Education, Indigenous Education Councils (IEC), DL, Education Plan, vulnerable students, etc.)
- Funding for Graduated Adults
- Student Transportation Fund
- Labour Settlement Funding (If Applicable)
- Foundation Skills Assessment (FSA) grants
- Recruitment & Retention (FRSP) Grants
- Child Care Operating Funding (CCFRI, ICM, CCOF, ECE wage enhancements)
- Equity Scan grants
- Premier's Awards
- ICY Clinical Counsellor Funding
- NGN Self-Provisioned site grants

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

4. Schedule 3A – Changes in Special Purpose Funds – Cont'd

Note the following revenue items have been moved into the Operating Grant:

- Support Staff Benefits Grant

OLEP, 1st, 2nd, and Minority Language Funding is a **Ministry of Education and Child Care grant** and should be reported on the line "Provincial Grants - Ministry of Education and Child Care" and ***NOT*** as Federal Grants.

Contributions from the Ministry of Education and Child Care not listed here, other Ministries, provincial and non-provincial sources will need to be assessed to determine whether or not they meet the definition of a restricted contribution and should be deferred (reported on Schedule 3A) or not (reported on Schedule 2A).

In order to facilitate the presentation of expenditures funded by the operating fund for the programs associated with the various special purpose funds, a line has been provided at the bottom of Schedule 3A to report these additional expenses if Districts wish to disclose this information. **The Program areas within the Ministry will be referring to this data when evaluating the funding levels of certain programs (Strong Starts & Ready Set Learn for example).** This line is for information purposes only and, *if left blank, will not print*.

A column is provided on Schedule 3A if the district wishes to budget **Related Entity revenue and expense**. Any expense or tangible capital asset purchases reported in this column will become part of the total budget bylaw. The Board of Education may not wish to include these expenses in the district's budget bylaw for various reasons and therefore the completion of this column is not mandatory. This will, however, create a variance between the actual and budget figures presented on Schedule 3 of the June 30, 2027 audited Financial Statements.

5. Schedule 3 – Special Purpose Revenue and Expense

The revenue and net transfers to other funds (tangible capital assets purchased, lease/loan payments, ARO settlements, other) sections of this schedule are populated via links from Schedule 3A.

Expenses must be entered by "function" and agree to the total expense reported on Schedule 3A. Districts will need to determine which "function" best describes their SPF expenditures. District entered lines are also available for this purpose if an item is extraordinary.

Budgeted endowment contributions must be reported on the line "Endowment Contributions" and will be included in the calculation of Net Revenue (Expense) per PSAS.

SECTION F: CAPITAL REVENUE AND EXPENSE

1. Schedule 4 – Capital Revenue and Expense

This schedule discloses the budgeted revenues and expenses for the capital fund. Budgets do not require the presentation of Statement of Financial Position balances such as tangible capital assets or deferred capital revenue so supplementary schedules are not required for the Annual Budget - Capital Fund. Budgeted transactions in the capital fund must be reported in the appropriate column (invested in capital assets or local capital).

Per *Ministerial Order 033/09 "Accounting Practices Order"*, a capital fund deficit is permitted for the amount that amortization of tangible capital assets expense exceeds amortization of deferred capital revenue.

a) Invested in Capital Assets Revenue must include:

- Amortization of all Deferred Capital Revenues (bylaw, MECC Restricted, other provincial and non-provincial funds) – please refer to your half-year rule amortization tools
- Gains (losses) on the disposal of Tangible Capital Assets (see the disposal tool posted on the Ministry website)
- Deferred Capital Revenues spent on **sites** (bylaw, municipal funds, MECC restricted capital, other provincial and non-provincial capital)
- Deferred Capital Revenue spent on the **settlement of asset retirement obligations** (bylaw, MECC restricted capital, other provincial and non-provincial capital).
- Deferred Capital Revenues (bylaw, MECC restricted capital) spent on non-capital items (if applicable) (offset by an equal amount of expense – see b) below).

b) Invested in Capital Assets Expense must include:

- Amortization of Tangible Capital Assets allocated amongst the functions "Operations and Maintenance" and "Transportation and Housing". Please refer to your half-year rule amortization tool (districts may want to allocate amortization of buses to the Transportation and Housing function).
- Write off/down of Buildings and Sites (see the write off/down tool posted on the Ministry website)
- The related expense for the Deferred Capital Revenues spent on non-capital items (if applicable)

c) Local Capital Revenue must include:

- Interest earned on Local Capital Balances
- Locally earned capital revenue (if applicable, ex: revenue from non-educational commercial property)

SECTION F: CAPITAL REVENUE AND EXPENSE

1. Schedule 4 – Capital Revenue and Expense – Cont'd

d) Local Capital Expense must include:

- Interest paid on capital leases and loans
- Expenses relating to locally earned capital revenue. Local capital funds from the proceeds of land/building sales and transfers from operating MUST be spent on capital assets and not expensed.

e) Net Transfers (to) from Other Funds

Transfers from operating and special purpose funds for tangible capital assets purchased and tangible capital asset WIP purchased are linked from the amounts reported on Schedule 2 (Operating) and Schedule 3 (Special Purpose Funds). Transfers to Local Capital from Operating are linked to the amount reported on Schedule 2 (Operating). Transfers reported as "other" transfers on Schedules 2 and 3 to fund capital lease payments, capital loan payments and **settlement of asset retirement obligations** should also be reported here (they are not linked). There should not be any transfers to other funds except in special circumstances (ex: a board "un-restricts" local capital). Transfers (to) from all funds should net to zero. A verification rule is included in the verification error summary to ensure that all interfund transfers reported in the various funds net to zero.

f) Other Adjustments to Fund Balances

Report transfers between invested in capital assets and local capital here. These adjustments should net to zero. This will include reclassifying the district's portion of proceeds on disposal of assets, tangible capital assets purchased from local capital, the principal portion of capital lease and loan payments and the **settlement of asset retirement obligations** from local capital. **Ensure that assets purchased from Local Capital are entered on the line provided as these amounts link into Statement 4 "Annual Budget – Changes in Net Financial Assets (Debt)".**

SECTION G: STATEMENT 4 – CHANGES IN NET FINANCIAL ASSETS (DEBT)

Districts must budget for the change in net financial assets (debt) which is defined as the change in "non-financial assets" (for a definition of non-financial assets, please refer to *PSAB Handbook* section *PS 1000.41 - .43*). Non-Financial assets would include tangible capital assets, prepaid expenses, supplies inventory and restricted assets (endowments).

Enter the acquisition of tangible capital assets, **including work in progress (WIP) and sites**, from the various funding sources on the lines provided in the section "Acquisition of Tangible Capital Assets". The assets purchased from operating, special purpose and local capital will automatically populate from the information entered on the lines "Net Transfers (to) from other funds – Tangible Capital Assets Purchased" and "Net Transfers (to) from other funds – Tangible Capital Assets –Work in Progress" on Schedule 2 and Schedule 3 and "Tangible Capital Assets purchased from Local Capital" on Schedule 4.

You must also budget for tangible capital assets (including WIP and sites) purchased from all sources of Deferred Capital Revenue (**bylaw COA's, MECC Restricted, Land Capital, Child Care New Spaces Capital, SkilledTradesBC (formerly ITA) capital funding, Ventilation Improvement Fund and Non-provincial capital)** and any tangible capital assets acquired through capital loans and **leases**. Tangible capital asset acquisitions from deferred capital revenues should be reported on the line "From Deferred Capital Revenue" as a negative figure. These amounts will **not** be included in the Budget Bylaw amounts reported on Statement 2 "Annual Budget – Revenue and Expense" but will form part of the Budget comparative figures used in the 2026/27 Audited Financial Statements. Acquisitions from leases and loans should be reported on a district entered line with the appropriate description.

If your district will be disposing of, or writing-down, tangible capital assets, you should budget for the amounts that will affect the changes in tangible capital asset values (and changes in net financial assets (debt)) here. The net book value of any tangible capital asset disposed of should be reported on the line "Net carrying value of Tangible Capital Assets disposed of". The net book value of any asset write-downs should be reported on the line "Write-down carrying value of Tangible Capital Assets".

Some other values on this schedule are automatically populated and linked from information entered on other schedules (amortization of tangible capital assets, endowment contributions, etc.).

SECTION H: STATEMENT 2 – ANNUAL BUDGET REVENUE AND EXPENSE

1. Ministry Operating Grant Funded Student Full Time Equivalent (FTE) Enrolment Reporting

Ministry Operating Grant Funded FTE's (2026/27Operating Grants Table 1b) must be reported on Statement 2 – "Annual Budget – Revenue and Expense". The Funding Allocation System distributes the General Operating Grants based on School-Aged FTEs (DL, CE, summer, September, February and May counts are included) and Adult Education (non-graduated) Funded FTEs. For definitions and amounts, please refer to the 2026/27 Operating Grants manual on the Ministry website.

Please do not include graduated adult FTE's as these are funded by a special grant "Funding for Graduated Adults" and not the operating grant.

Statement 2 – "Annual Budget – Revenue and Expense" line "Ministry Funded Other FTEs" can be used for summer school (July count) and other FTE's. Please ensure you convert any headcount figures to the equivalent FTE amount (ex: 1 student headcount in one class = .125 FTE).

2. Revenue, Expense and Budget Bylaw Amount

Revenue and expense amounts on Statement 2 are populated from links that combine the data reported on Schedules 2, 3 and 4 for the Operating, Special Purpose and Capital Funds. Descriptions will need to be provided for District Entered lines. District entered lines used on Schedules 3 and 4 will populate onto separate lines of Statement 2 to facilitate presentation of differing descriptions.

A verification rule is included in the verification error summary to ensure that all interfund transfers reported in the various funds net to zero. Only transfers to Invested in Capital Assets from operating, special purpose funds and local capital for the purchase of tangible capital assets (including WIP) will be included in the final budget bylaw amount.

The Budget bylaw amount is calculated at the end of Statement 2. This includes all expenses reported in the various funds, tangible capital assets (including WIP) purchased from operating funds, special purpose funds and local capital, and any budgeted retirement of prior years' deficits.

Once finalized, the printed version of Statement 2 will contain an area for Board Approval. Please ensure that the version submitted to the Ministry includes the original signatures for the Chair, Superintendent and Secretary Treasurer.

SECTION I: OTHER CONSIDERATIONS

1. 2026/27 Annual Budget Excel Template

The 2026/27 Annual Budget Excel template can be downloaded from the Ministry website.

The 2026/27 Annual Budget must be prepared and submitted using this template. Once finalized, this template contains security features to ensure that the electronic submission is identical (version numbers) to the hard copy received by the Ministry. For features and functionality, please refer to the tab "Key Features" included in the Excel template.

To facilitate populating of the template via links, the suggested order of entry is as follows:

- Schedule 4 - Capital Revenue and Expense
- Schedule 3A - Changes in Special Purpose Funds
- Schedule 3 - Special Purpose Revenue and Expense
- Schedule 2C - Operating Expense by Function, Program and Object
- Schedule 2B - Schedule of Operating Expense by Object
- Schedule 2A - Schedule of Operating Revenue by Source
- Schedule 2 - Operating Revenue and Expense
- Statement 4 - Change in Net Financial Assets (Debt)
- Statement 2 - Revenue and Expense

Annual Budget Bylaw Form

The bylaw form can be downloaded from the Ministry website.

Districts must populate this bylaw document with all relevant data obtained through the 2026/27 Annual Budget package (Statement 2 – Annual Budget – Revenue and Expense).

The bylaw form can also be printed as part of the Excel budget template by selecting FINALIZE PACKAGE and then PRINT PACKAGE or PRINT PAGE (on the "bylaw" tab). To complete this form, only the **reading dates, corporate seal and appropriate signatures will be required.**

2. Comparative Amounts /District Entered Lines

For the 2026/27 Annual Budget the comparative amounts can be either the 2025/26 Annual Budget or the 2025/26 Amended Annual Budget (preferred). The presentation of comparative figures should be consistent from year to year. These amounts should agree with the original documents previously submitted to the Ministry. Please **indicate the source of the comparative amounts** using the dropdown menu on the "Cover" tab to populate the comparative column headings.

Ensure that proper descriptions have been entered on any district entered (blank) lines of the template used. In order to facilitate the collection of like data amongst districts, please do not use a district entered line/column if there is already one provided for that item.

APPENDICES

ANNUAL BUDGET BYLAW

A Bylaw of THE BOARD OF EDUCATION OF SCHOOL DISTRICT NO. _____(_____) (called the "Board") to adopt the Annual Budget of the Board for the fiscal year 2026/27 pursuant to section 113 of the *School Act*, R.S.B.C., 1996, c. 412 as amended from time to time (called the "*Act*").

1. The Board has complied with the provisions of the *Act*, Ministerial Orders, and Ministry of Education and Child Care Policies respecting the annual budget adopted by this bylaw.

2. This bylaw may be cited as School District No. ___(_____) Annual Budget Bylaw for fiscal year 2026/27.

3. The attached "Statement 2" showing the estimated revenue and expense for the 2026/27 fiscal year and the total budget bylaw amount of $_____ for the 2026/27 fiscal year was prepared in accordance with the *Act*.

4. Statement 2, Statement 4 and Schedules 2 to 4 are adopted as the Annual Budget of the Board for the fiscal year 2026/27.

READ A FIRST TIME THE _____ DAY OF _____, 20___;

READ A SECOND TIME THE _____ DAY OF _____, 20___;

READ A THIRD TIME, PASSED AND ADOPTED THE _____ DAY OF _____, 20___.

_____
Chairperson of the Board

(Corporate Seal)

_____
Secretary Treasurer

I HEREBY CERTIFY this to be a true original of School District No. ___ (_____)

Annual Budget Bylaw 2026/27, adopted by the Board the ____day of _____, 20_____.

_____
Secretary Treasurer

BUDGET AND SCHOOL REFERENDUM TAX RATE BYLAW

A Bylaw of the Board of Education of School District No. ___ (_____) (called the "Board") to adopt the budget of the Board for the fiscal year 2026/27 pursuant to section 113 of the *School Act*, R.S.B.C., 1996, c. 412 (called the "*Act*") and set out the information related to the School Referendum Tax required under section 129 of the *Act*.

1. The Board has complied with the provisions of the *Act,* Ministerial Orders, and Ministry of Education and Child Care Policies respecting the budget and school referendum tax rate adopted by this bylaw.

2. This bylaw may be cited as School District No. ___ (_____) 2026/27 Budget and 2026 School Referendum Tax Rate Bylaw.

3. The attached "Statement 2" showing the estimated revenue and expense for the 2026/27 fiscal year and the total budget bylaw amount of $_____ for the 2026/27 fiscal year was prepared in accordance with the *Act*.

4. Statement 2, Statement 4 and Schedules 2 to 4 are adopted as the annual budget of the Board for the fiscal year 2026/27.

5. On _____, 20___, the Board held a referendum (called the "Referendum") approving the raising of money under sections 128 and 129 of the *Act*.

6. The amount of the taxes to be raised within School District No. ____ (_____) (called the "School District") in the calendar year 2026, as a result of the Referendum is $_____.

7. The following table sets out, in accordance with the requirements of section 112.1(1) (b) of the *Act*, the apportionment of the total amount required by the Referendum to be raised in taxes on residential property in the School District, between the constituent parts of the School District.

Constituent Part of the School District	Dollar Amount per Constituent Part
1.	1.
2.	2.
3.	3.

8. _____ is the rate to be applied to the net taxable value of residential land and improvements in the School District for the calendar year 2026 so as to raise the amount of school referendum taxes approved by the Referendum.

9. The amounts set forth in this Bylaw are hereby requisitioned from each constituent part of the School District in accordance with Section 113 of the *Act*.

READ A FIRST TIME THE ____ DAY OF _____ , 20___;
READ A SECOND TIME THE _____ DAY OF _____ , 20___;
READ A THIRD TIME, PASSED AND ADOPTED THE ____ DAY OF_____, 20___.

_____
Chairperson of the Board

(Corporate Seal)

_____
Secretary Treasurer

I HEREBY CERTIFY this to be a true original of School District No. ____(_____) 2026/27 Budget and 2026 School Referendum Tax Rate Bylaw, adopted by the Board the ___day of _____20___ .

_____
Secretary Treasurer