



Memorandum to the Board of Education

Meeting in Public

FROM: Michael McLellan, Secretary-Treasurer
TO: The Board of Education
DATE: October 24, 2025
SUBJECT: Financial Report as of September 30, 2025

For Information

Introduction

This memorandum provides an update on the District's financial performance year-to-date. Attached are the Statements of Operations for all funds (Operating, Special Purpose, and Capital) for the period ended September 30, 2025.

Enrolment & Revenues

For 2025–26, enrolment was projected at 521 full-time equivalent (FTE) students: 484 FTE bricks-and-mortar students, 30 FTE online learners, and 7 FTE home-schooled students. As of September 30, there is 518 FTE.

The District originally estimated 78 designated students with disabilities or diverse abilities; however, only 65 were enrolled as of September 30. This reduction directly impacts grant funding tied to unique needs, contributing to a decrease in operating revenue compared to spring estimates.

MECC Operating Funding			
Funding Type	Spring Estimates	September 30	Variance
Enrolment-based	\$4,583,410	\$4,582,792	(\$618)
Salary Differential	\$187,839	\$189,400	\$1,561
Unique Needs	\$1,996,265	\$1,709,216	(\$287,049)
Geographic	\$4,788,389	\$4,755,108	(\$33,281)
Curriculum & Learning Supports	\$10,000	\$10,000	-
TOTAL Operating Grants	\$11,565,903	\$11,246,516	(\$319,387)

The reduction in operating revenues will present financial challenges for the District this year. To mitigate the impact, the District will:

1. Reduce Services and Supplies budgets in the Operating Fund and reallocate eligible expenditures to Special Purpose Funds where possible.
2. Increase the use of in-house staff to deliver eligible capital projects, reducing Operating Fund costs where cost-effective and budgeted.
3. Defer selected discretionary expenditures to 2026-2027.
4. Limit discretionary staffing costs, including non-essential replacements, professional development, and travel.



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All Funds Expenditures

As of September 30, total revenues across all funds were \$2,001,219, while total expenses were \$2,709,762, resulting in a year-to-date deficit of \$708,543. This is consistent with prior-year results at this point in the fiscal cycle. Due to the timing of grant receipts, only 88% of budgeted revenues have yet to be received to date, whereas 82% of budgeted expenses have been incurred.

A balanced budget or a modest year-end deficit is anticipated, contingent upon both the expense mitigation strategies noted above and confirmation of remaining operating grants later in the year.

Operating Fund Expenditures

As of September 30, revenues in the operating fund were \$1,560,849, while expenses were \$2,200,086. This results in a year-to-date deficit of \$639,237, which represents the majority of the total deficit across all funds and is typical for this point in the fiscal cycle. As noted above, the variance reflects the timing of Ministry grant revenues, which are recognized later in the year.

Special Purpose Funds Expenditures

As at September 30, 2025, \$184,910 in expenditures had been incurred from Special Purpose Funds, out of a total annual budget of \$1,580,736. Included in these expenditures were \$41,504 from School Generated Funds and \$39,657 from Feeding Futures Funding.

Capital Funds

For the Capital Funds on the attached Statement of Operations, only amortization of deferred capital revenue and tangible capital assets are included. This accounts for \$69,306 of the total year-to-date deficit from all funds.

However, for the 2025–2026 year, the District has approved capital budgets funded through the Ministry of Education and Child Care (MECC), totalling \$2,282,715:

- Annual Facilities Grant (AFG) - \$375,858
- SEP & CNCP HVAC Upgrades, All Schools but mainly NSS the LESS - \$948,162
- SEP & CNCP Electrical Upgrades, All Schools but mainly NSS - \$327,339
- SEP Plumbing, All Schools - \$90,000
- SEP Interior Construction, NSS and LESS - \$450,000
- FIP Kitchen Upgrades at NES - \$91,356
- **TOTAL MECC-funded project budgets = \$2,282,715**



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As of September 30, 2025, \$53,204 had been spent from AFG, and \$273,347 from other capital projects. A number of capital projects were in progress at the reporting date, with expenditures incurred but not yet invoiced or accrued in the financial statements.

Additionally, capital spending of \$341,000 has been budgeted for 2025–26 using Board-approved surplus appropriations:

- Classroom Improvement Fund - \$15,000
- Technology Equipment - \$36,000
- School Board Office Renovation funded by Operating Fund and Local Capital - \$160,000
- Vehicles:
 - Skid Steer \$50,000
 - Van - \$80,000

TOTAL Surplus-funded capital budgets = \$341,000

As of September 30, 2025, the District had incurred \$26,452 related to the School Board Office renovation and had purchased the skid steer (\$50,013) and van (\$62,025), for a total of \$138,490 spent using surplus funds.

Childcare

The Nakusp Early Learning & Childcare Centre, operating since February 2023, currently operates two multi-age rooms, one infant-toddler room, before- and after-school programs, Pro-D day camps, and Spring Break, Winter Break, and Summer camps. These programs provide childcare, early learning, and educational services to families throughout the community.

The NELCC is licensed for:

- 8 infant-toddler spaces (under 36 months)
- 24 multi-age spaces (0 to pre-Kindergarten)
- 48 school-aged spaces

NELCC revenues include:

- Parent fees
- ACCB (on behalf of families, to cover some or all Parent fees)
- CCOF and CCFRI provincial subsidies
- Targeted inclusion support funding via Kootenay Family Place (MCFD)
- Feeding Futures Funding (covers some food expenses)
- Two supplemental MECC grants (Seamless Day and Early Learning and Childcare Leadership funding)



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Including the two MECC grants, NELCC currently operates at break-even. However, both grants are expected to end for 2026–27, which would likely result in an operating deficit.

Further, a central determinant of financial sustainability is maintaining enrolment at levels that achieve efficient staffing and operational scale. Enrolment is sensitive to fee competitiveness relative to other local childcare providers.

The following table shows the NELCC fee structure:

Regular Daily Childcare Fees					
	TOTAL Fees (\$ per child)	CCFRI (\$ per child)	Gross Fees (\$ per child)	ACCB	Net Fees
Infant-Toddler	\$1,550	\$900	\$650	Varies	\$0 - \$650
3 - K	\$1,195	\$545	\$650	Varies	\$0 - \$650

NELCC's current average net family fee is approximately \$350 per month (after ACCB).

The District has applied for ChildCareBC \$10-a-Day Centre funding, which is designed to allow centres to operate on a break-even basis while charging families \$10 per day (approximately \$200 per month). This compares to the average net fees of approximately \$350 per month at the NELCC, and some NELCC families pay up to \$650 depending on their eligibility for ACCB. The District was previously deemed ineligible for ChildCareBC \$10-a-Day Centre funding, but has reapplied; approval would reduce financial risk beyond the current fiscal year.



School District No. 10 (Arrow Lakes)

Financial Statements for the period ended September 30, 2025

Prepared for the Open Board Meeting on October 28, 2025

School District No. 10 (Arrow Lakes)
Statements of Operations & Surplus - All Funds

Prepared for the Open Board Meeting on October 28, 2025

Statement 2

	2025-2026 At September 30, 2025				2025-2026 Budget		2024-2025 At June 30, 2025	
	Operating Fund	Special Purpose	Capital	Actual	Budget	Remaining	Actual	Variance
	\$	\$	\$	\$	\$	\$	\$	\$
ENROLMENT								
Elementary & Secondary				489,2823	484,0000		495,282	(6)
Online Learning				23,0000	30,0000		23,000	-
Home Schooling				6,0000	7,0000		7,000	(1)
TOTAL Ministry of Education (FTE)				518,2823	521,0000		525,282	(38)
REVENUES					519			
Provincial Grants				-				
Ministry of Education	1,445,853	140,550		1,586,403	13,334,619	88%	13,069,214	(11,482,811)
Other	27,874	2,856		30,730	151,318	80%	115,758	(85,028)
Other Revenue	69,448	41,504		110,952	381,250	71%	386,374	(275,422)
Rentals & Leases	765	-		765	5,260	85%	2,969	(2,204)
Investment Income	16,910	-	781	17,690	134,000	87%	121,576	(103,886)
Amortization of Deferred Capital Revenue			254,679	254,679	1,039,944	76%	968,455	(713,776)
TOTAL Revenues	1,560,849	184,910	255,460	2,001,219	15,046,391	87%	14,664,346	(12,663,127)
	78.0%	9.2%	12.8%					
EXPENSES BY FUNCTION	89.4%	10.6%						
Instruction	1,217,637	(66,459)		1,151,178	10,364,008	89%	10,363,215	(9,212,037)
District Administration	491,065	188,903		679,968	1,366,389	50%	1,550,016	(870,048)
Operations & Maintenance (Amortization + Interest)	364,708	62,466	245,637	672,811	2,573,341	74%	2,495,691	(1,822,880)
Transportation & Housing (Amortization)	126,676	-	79,129	205,804	934,339	78%	817,665	(611,861)
TOTAL Expenses	2,200,086	184,910	324,766	2,709,762	15,238,077	82%	15,226,587	(12,516,825)
	81.2%	6.8%	12.0%					
NET Revenue	(639,237)	-	(69,306)	(708,543)	(191,686)	-270%	(562,241)	(146,302)
Budgeted Allocation (Retirement of Surplus)	-	-	-	-	(293,571)			
Surplus (Deficit) for the year (to date)	(639,237)	-	(69,306)	(708,543)	101,885		(562,241)	(146,302)

ACCUMULATED SURPLUSES (DEFICITS)
Schedule 1

Opening Balance, Beginning of Year	1,953,310	-	1,844,647	3,797,957	3,797,957	4,360,198
Prior Period Adjustments						
Opening Balance, Beginning of Year	\$1,953,310	-	\$1,844,647	3,797,957	\$3,797,957	\$4,360,198
Surplus (Deficit) for the year	(639,237)	-	(69,306)	(708,543)	101,885	(153,709)
Interfund Transfers						
Tangible Assets Purchased - Ops	(138,490)			(138,490)	(250,000)	(758,768)
Tangible Assets Purchased - SP		-		-	(27,960)	(35,806)
Tangible Assets Purchased - Cap			138,490	138,490	277,960	794,574
Surplus (Deficit), for the Year (to date)	(777,727)	-	69,184	(708,543)	101,885	(153,709)
Balance, End of Period/Year	1,175,583	-	1,913,831	3,089,414	3,899,842	4,206,489