



Memorandum to the Board of Education

Meeting in Public

FROM: Michael McLellan, Secretary-Treasurer
TO: The Board of Education
DATE: December 1, 2025
SUBJECT: Financial Report as of October 31, 2025

For Information

Introduction

This memorandum provides an update on the District's year-to-date financial performance. Attached are the Statements of Operations for all funds (Operating, Special Purpose, and Capital) for the period ended October 31, 2025.

Summary

As noted in last month's financial report, lower enrolment than forecast will result in \$319,387 less revenue than in the 2025-2026 Annual Budget. The District is pursuing several mitigation steps, including reducing operating fund services and supplies budgets; increasing the use of in-house staff to deliver eligible capital projects; deferring selected discretionary expenditures to 2026-2027; and limiting discretionary staffing costs. These cost mitigation efforts to minimize or eliminate a deficit will remain the primary focus of this year's budget.

All Funds Revenues & Expenditures

As of September 30, total revenues across all funds were \$3,368,632, while total expenses were \$3,281,472, resulting in a year-to-date deficit of \$643,776. This is a \$64,767 reduction in the deficit compared to last month. The deficit is consistent with prior-year results at this point in the fiscal cycle. Due to the timing of grant receipts, only 78% of budgeted revenues have been received to date, whereas 74% 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 October 31, revenues in the operating fund were \$2,730,136, while expenses were \$3,281,472. This results in a year-to-date deficit of \$551,336, which accounts for the majority of the total deficit across all funds and is typical at 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.



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Special Purpose Funds Expenditures

As of September 30, 2025, \$297,915 in expenditures had been incurred from Special Purpose Funds, out of a total annual budget of \$1,580,736. The special purpose funds where the most significant portion of expenditures has been made include \$72,568 from School-Generated Funds and \$72,568 from the Feeding Futures Fund and \$43,662 from the Classroom Enhancement Fund.

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 \$92,440 of the total year-to-date deficit from all funds.

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**

As of October 31, 2025, \$122,356 had been spent from AFG, and \$309,651 from other capital projects. However, all capital projects were in progress at the reporting date, with significant 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 (from operating surplus or local capital):

- 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 \$32,716 related to the School Board Office renovation and had purchased the skid steer (\$50,013) and van (\$67,025), for a total of \$149,754 spent of combined local capital and surplus funds.



School District No. 10 (Arrow Lakes)

Financial Statements for the period ended October 31, 2025

Prepared for the Open Board Meeting on December 2, 2025

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

Prepared for the Open Board Meeting on December 2, 2025

Statement 2

	2025-2026 At October 31, 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	2,592,682	242,847		2,835,528	13,334,619	79%	13,069,214	(10,233,686)
Other	33,534	5,574		39,108	151,318	74%	115,758	(76,650)
Other Revenue	80,456	49,494		129,950	381,250	66%	386,374	(256,424)
Rentals & Leases	1,690	-		1,690	5,260	68%	2,969	(1,279)
Investment Income	21,775	-	1,009	22,784	134,000	83%	121,576	(98,792)
Amortization of Deferred Capital Revenue			339,572	339,572	1,039,944	67%	968,455	(628,883)
TOTAL Revenues	2,730,136	297,915	340,581	3,368,632	15,046,391	78%	14,664,346	(11,295,714)
	81.0%	8.8%	10.1%					
EXPENSES BY FUNCTION	90.2%	9.8%						
Instruction	2,018,332	37,346		2,055,678	10,364,008	80%	10,363,215	(8,307,537)
District Administration	592,803	198,103		790,906	1,366,389	42%	1,550,016	(759,110)
Operations & Maintenance (Amortization + Interest)	488,425	62,466	327,516	878,407	2,573,341	66%	2,495,691	(1,617,284)
Transportation & Housing (Amortization)	181,913	-	105,505	287,417	934,339	69%	817,665	(530,248)
TOTAL Expenses	3,281,472	297,915	433,021	4,012,408	15,238,077	74%	15,226,587	(11,214,179)
	81.8%	7.4%	10.8%					
NET Revenue	(551,336)	-	(92,440)	(643,776)	(191,686)	-236%	(562,241)	(81,535)
Budgeted Allocation (Retirement of Surplus)	-	-	-	-	(293,571)			
Surplus (Deficit) for the year (to date)	(551,336)	-	(92,440)	(643,776)	101,885		(562,241)	(81,535)

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	(551,336)	-	(92,440)	(643,776)	101,885	(153,709)
Interfund Transfers						
Tangible Assets Purchased - Ops	(117,038)			(117,038)	(250,000)	(758,768)
Tangible Assets Purchased - SP		-		-	(27,960)	(35,806)
Tangible Assets Purchased - Cap			117,038	117,038	277,960	794,574
Surplus (Deficit), for the Year (to date)	(668,373)	-	24,598	(643,776)	101,885	(153,709)
Balance, End of Period/Year	1,284,937	-	1,869,245	3,154,181	3,899,842	4,206,489