

Audited Financial Statements of

School District No. 10 (Arrow Lakes)

And Independent Auditors' Report thereon

June 30, 2026

School District No. 10 (Arrow Lakes)

June 30, 2026

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School District No. 10 (Arrow Lakes)

MANAGEMENT REPORT

Version: 8109-7363-5381

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 10 (Arrow Lakes) 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. 10 (Arrow Lakes) (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. 10 (Arrow Lakes) 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. 10 (Arrow Lakes)



Signature of the Chairperson of the Board of Education

September 22, 2026

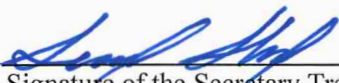
Date Signed



Signature of the Superintendent

September 22, 2026

Date Signed



Signature of the Secretary Treasurer

September 22, 2026

Date Signed



KPMG LLP
200 – 3200 Richter Street
Kelowna BC V1W 5K9
Canada
Telephone 250-979-7150
Fax 250-763-0044

INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 10 (Arrow Lakes), and
To the Minister of Education and Child Care, Province of British Columbia

Opinion

We have audited the financial statements of School District No. 10 (Arrow Lakes) (the School District), which comprise:

- the statement of financial position as at June 30, 2026
 - the statement of operations for the year then 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 School District 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 “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the School District 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 information, other than the financial statements and the auditors' report thereon, included in unaudited schedules 1-4 attached to the audited financial statements and 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, or otherwise appears to be materially misstated. We obtained the information, other than the financial statements and the auditors' report thereon, included in the unaudited schedules 1-4 attached to the audited financial statements and the financial statement discussion and analysis document, at the date of this auditors' 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 auditors' report.

pWe 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 School District'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 School District or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 School District'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 School District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the School District 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Kelowna, Canada

September 22, 2026

School District No. 10 (Arrow Lakes)

Statement of Financial Position

As at June 30, 2026

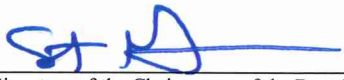
Statement 1

	2026 Actual	2025 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	3,082,904	3,434,371
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	518,389	183,272
Due from Province - Other	458,319	651,624
Total Financial Assets	4,059,612	4,269,267
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 3)	1,349,580	1,199,482
Deferred Revenue (Note 4)	925,580	569,788
Deferred Capital Revenue (Note 5)	20,304,498	19,193,398
Employee Future Benefits (Note 6)	202,562	182,184
Asset Retirement Obligation (Note 13)	1,807,964	1,807,964
Total Liabilities	24,590,184	22,952,816
Net Debt	(20,530,572)	(18,683,549)
Non-Financial Assets		
Tangible Capital Assets (Note 7)	23,625,191	22,367,258
Prepaid Expenses	-	114,248
Total Non-Financial Assets	23,625,191	22,481,506
Accumulated Surplus (Deficit) (Note 15)	3,094,619	3,797,957

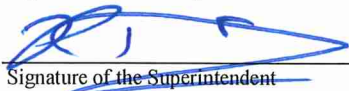
Contractual Obligations (Note 10)

Contingent Liabilities (Note 11)

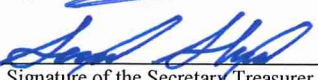
Approved by the Board


Signature of the Chairperson of the Board of Education

September 22, 2026
Date Signed


Signature of the Superintendent

September 22, 2026
Date Signed


Signature of the Secretary Treasurer

September 22, 2026
Date Signed

School District No. 10 (Arrow Lakes)

Statement 2

Statement of Operations

Year Ended June 30, 2026

	2026 Budget (Note 12) \$	2026 Actual \$	2025 Actual \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	13,334,619	13,329,499	13,069,214
Other	151,318	106,591	115,758
Other Revenue	381,250	491,114	386,374
Rentals and Leases	5,260	4,110	2,969
Investment Income	134,000	65,382	121,576
Amortization of Deferred Capital Revenue	1,039,944	1,041,782	968,455
Total Revenue	<u>15,046,391</u>	<u>15,038,478</u>	<u>14,664,346</u>
Expenses (Note 14)			
Instruction	10,364,008	10,482,447	10,363,215
District Administration	1,366,389	1,691,303	1,550,016
Operations and Maintenance	2,573,341	2,696,343	2,495,691
Transportation and Housing	934,339	871,723	817,665
Total Expense	<u>15,238,077</u>	<u>15,741,816</u>	<u>15,226,587</u>
Surplus (Deficit) for the year	<u>(191,686)</u>	<u>(703,338)</u>	<u>(562,241)</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		3,797,957	4,360,198
Accumulated Surplus (Deficit) from Operations, end of year		<u>3,094,619</u>	<u>3,797,957</u>

School District No. 10 (Arrow Lakes)

Statement 4

Statement of Changes in Net Debt

Year Ended June 30, 2026

	2026 Budget (Note 12)	2026 Actual	2025 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(191,686)</u>	<u>(703,338)</u>	<u>(562,241)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(277,960)	(2,549,169)	(2,368,695)
Amortization of Tangible Capital Assets	1,223,483	1,291,236	1,248,078
Total Effect of change in Tangible Capital Assets	<u>945,523</u>	<u>(1,257,933)</u>	<u>(1,120,617)</u>
Use of Prepaid Expenses		114,248	57,783
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>114,248</u>	<u>57,783</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>753,837</u>	<u>(1,847,023)</u>	<u>(1,625,075)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		<u>(1,847,023)</u>	<u>(1,625,075)</u>
Net Debt, beginning of year		<u>(18,683,549)</u>	<u>(17,058,474)</u>
Net Debt, end of year		<u>(20,530,572)</u>	<u>(18,683,549)</u>

School District No. 10 (Arrow Lakes)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2026

	2026 Actual	2025 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(703,338)	(562,241)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(141,812)	468,787
Prepaid Expenses	114,248	57,782
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	150,098	(251,334)
Deferred Revenue	355,792	205,106
Employee Future Benefits	20,378	41,386
Amortization of Tangible Capital Assets	1,291,236	1,248,078
Amortization of Deferred Capital Revenue	(1,041,782)	(968,455)
Total Operating Transactions	44,820	239,109
Capital Transactions		
Tangible Capital Assets Purchased	(2,549,169)	(2,368,695)
Total Capital Transactions	(2,549,169)	(2,368,695)
Financing Transactions		
Capital Revenue Received	2,152,882	1,915,801
Total Financing Transactions	2,152,882	1,915,801
Net Increase (Decrease) in Cash and Cash Equivalents	(351,467)	(213,785)
Cash and Cash Equivalents, beginning of year	3,434,371	3,648,156
Cash and Cash Equivalents, end of year	3,082,904	3,434,371
Cash and Cash Equivalents, end of year, is made up of:		
Cash	3,082,904	3,434,371
	3,082,904	3,434,371

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 10, 1946, 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. 10 (Arrow Lakes)", and operates as "School District No. 10 (Arrow Lakes)." A board of education ("Board") elected for a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district, and is principally funded by the Province of British Columbia through the Ministry of Education and Child Care. School District No. 10 (Arrow Lakes) 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(d) and 2(k).

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(d) and 2(j), 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; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities 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.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

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

c) Accounts Receivable

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

d) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes 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(j).

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.

e) 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 of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2025. The next valuation will be performed at March 31, 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.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

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

f) Asset Retirement Obligations

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

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

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the School District has been initially recognized using the modified retroactive method. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset (see note 2(h)). Assumptions used in the calculations are reviewed annually.

g) 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.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

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

h) 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.
- 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

i) 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 15 – Internally Restricted Surplus).

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

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

j) Revenue Recognition

Revenues are recorded on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

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.

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 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.

Revenue from transactions with performance obligations such as rentals, leases and other revenue are recognized when 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.

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.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

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

k) 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 and Vice-Principals employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Secretary-Treasurers, Trustees 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 Indigenous 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.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

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

l) 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, and accounts payable and accrued liabilities.

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. There are no measurement gains or losses during the periods presented; therefore, no statement of remeasurement gains or losses is included in these financial statements.

All financial assets except derivatives 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.

m) Measurement Uncertainty

Preparation of financial statements 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, liabilities for asset retirement obligations, rates for amortization of tangible capital assets and deferred capital revenue, and estimated employee future benefits. Actual results could differ from those estimates.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 3 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES – OTHER

	2026	2025
Trade payables	\$ 170,020	\$ 233,062
Salaries and benefits payable	903,105	828,269
Accrued vacation and leave pay	276,455	138,151
	<u>\$ 1,349,580</u>	<u>\$ 1,199,482</u>

NOTE 4 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. Detailed information about the changes in deferred revenue is included in Schedule 3A.

NOTE 5 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. Detailed information about the changes in deferred capital revenue is included in Schedules 4C and 4D.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 6 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime 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	\$ 169,610	\$ 153,900
Service Cost	17,023	13,198
Interest Cost	7,125	6,869
Benefit Payments	(5,058)	(2,567)
Actuarial (Gain) Loss	(18,163)	(1,790)
Accrued Benefit Obligation – March 31	<u>\$ 170,537</u>	<u>\$ 169,610</u>

Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 170,537	\$ 169,610
Benefits Expense After Measurement Date	6,130	6,037
Unamortized Net Actuarial (Gain) Loss	25,895	6,537
Accrued Benefit Asset (Liability) – June 30	<u>\$ 202,562</u>	<u>\$ 182,184</u>

Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 182,184	\$ 140,798
Net expense for Fiscal Year	25,437	22,198
Employer Contributions	(5,059)	19,188
Accrued Benefit Liability – June 30	<u>\$ 202,562</u>	<u>\$ 182,184</u>

Components of Net Benefit Expense		
Service Cost	\$ 16,844	\$ 14,154
Interest Cost	7,398	6,933
Amortization of Net Actuarial (Gain)/Loss	1,195	1,111
Net Benefit Expense (Income)	<u>\$ 25,437</u>	<u>\$ 22,198</u>

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

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	11.6 years	11.6 years

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 7 TANGIBLE CAPITAL ASSETS

Net Book Value:	2026	2025
Sites	\$ 362,514	\$ 362,514
Buildings	19,742,941	18,183,723
Furniture & Equipment	1,158,064	1,270,205
Vehicles	2,107,707	2,307,433
Computer Hardware	253,965	243,383
Total	\$ 23,625,191	\$ 22,367,258

June 30, 2026	Balance at			Balance at
Cost	July 1, 2025	Additions	Disposals	June 30, 2026
Sites	\$ 362,514	\$ -	\$ -	\$ 362,514
Buildings	34,398,526	2,244,863	-	36,643,389
Furniture & Equipment	2,040,202	92,515	(75,865)	2,056,852
Vehicles	3,243,580	117,038	(268,909)	3,091,709
Computer Hardware	408,075	94,753	(69,190)	433,638
Total	\$ 40,452,897	\$ 2,549,169	\$ (413,964)	\$ 42,588,102

Accumulated	Balance at			Balance at
Amortization	July 1, 2025	Amortization	Disposals	June 30, 2026
Buildings	\$ 16,214,803	\$ 685,645	\$ -	\$ 16,900,448
Furniture & Equipment	769,997	204,656	(75,865)	898,788
Vehicles	936,147	316,764	(268,909)	984,002
Computer Hardware	164,692	84,171	(69,190)	179,673
Total	\$ 18,085,639	\$ 1,291,236	\$ (413,964)	\$ 18,962,911

June 30, 2025	Balance at			Balance at
Cost	July 1, 2024	Additions	Disposals	June 30, 2025
Sites	\$ 362,514	\$ -	\$ -	\$ 362,514
Buildings	33,093,946	1,304,580	-	34,398,526
Furniture & Equipment	1,920,307	119,895	-	2,040,202
Vehicles	2,378,692	864,888	-	3,243,580
Computer Hardware	385,888	79,332	(57,145)	408,075
Total	\$ 38,141,347	\$ 2,368,695	\$ (57,145)	\$ 40,452,897

Accumulated	Balance at			Balance at
Amortization	July 1, 2024	Amortization	Disposals	June 30, 2025
Buildings	\$ 15,525,261	\$ 689,542	\$ -	\$ 16,214,803
Furniture & Equipment	571,971	198,026	-	769,997
Vehicles	655,033	281,114	-	936,147
Computer Hardware	142,441	79,396	(57,145)	164,692
Total	\$ 16,894,706	\$ 1,248,078	(57,145)	\$ 18,085,639

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 8 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the plans, including investment of assets and administration of benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2025, the Teachers' Pension Plan has about 52,000 active members and approximately 43,000 retired members. As of December 31, 2025, the Municipal Pension Plan has about 273,000 active members, including approximately 32,000 from school districts.

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.

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 on a going concern basis.

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 on a going concern basis.

The school district paid \$1,005,470 for employer contributions to the plans for the year ended June 30, 2026 (2025: \$939,614).

The next valuation for the Teachers' Pension Plan will be as at December 31, 2026. The next valuation for the Municipal Pension Plan will be as at December 31, 2027.

NOTE 9 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.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 10 CONTRACTUAL OBLIGATIONS

The School District has entered into multiple-year contracts for the delivery of services and the construction of tangible capital assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

The School District has an annually renewing agreement for its enterprise resource planning and financial software. The obligatory annual maintenance support fees for the 2026-2027 fiscal year will be \$62,424.

NOTE 11 CONTINGENT LIABILITIES

The School District is subject to certain legal actions in its business activities. The British Columbia Schools Protection Program manages and covers some of these legal actions. The outcome of these matters cannot be determined at this time. If any claims are successful, it is management's opinion that the settlements of such claims would not have a material effect on the School District's financial position. The resulting loss to the School District, if any, will be recorded in the period in which it is determinable.

NOTE 12 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an annual budget on May 20, 2025.

NOTE 13 ASSET RETIREMENT OBLIGATION

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some district owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the modified retroactive approach as at July 1, 2022. The obligation was measured at current cost as the timing of future cash flows cannot be reasonably determined. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 14 EXPENSE BY OBJECT

	2026	2025
Salaries and benefits	\$ 12,060,974	\$ 11,525,496
Services and supplies	2,389,606	2,453,019
Amortization	1,291,236	1,248,078
	<u>\$ 15,741,816</u>	<u>\$ 15,226,587</u>

NOTE 15 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

	2026	2025
Software Transitions	\$ -	\$ 72,000
District Classroom Improvement Fund	60,000	60,000
Technology Equipment	-	36,000
SBO Renovation & Refurbishment	63,439	160,000
Vehicles – Vans	-	80,000
Vehicles – Skid Steer	-	50,000
Contractual Professional Development	80,082	-
Schools & Curricular Resources	62,911	-
Indigenous Education Council	120,392	-
	<u>\$ 386,824</u>	<u>\$ 458,000</u>

NOTE 16 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 debtor. 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 British Columbia institutions.

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 16 RISK MANAGEMENT *(Continued)*

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 and interest rate 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.

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 2023 related to credit, market or liquidity risks.

NOTE 17 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.

School District No. 10 (Arrow Lakes)

Schedule 1 (Unaudited)

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	1,953,310		1,844,647	3,797,957	4,360,198
Changes for the year					
Surplus (Deficit) for the year	(455,790)		(247,548)	(703,338)	(562,241)
Interfund Transfers					
Tangible Capital Assets Purchased	(302,623)		302,623	-	
Net Changes for the year	(758,413)	-	55,075	(703,338)	(562,241)
Accumulated Surplus (Deficit), end of year - Statement 2	1,194,897	-	1,899,722	3,094,619	3,797,957

School District No. 10 (Arrow Lakes)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2026

	2026 Budget (Note 12)	2026 Actual	2025 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	11,956,423	11,911,390	11,734,263
Other	151,318	106,591	90,758
Other Revenue	150,750	193,317	191,025
Rentals and Leases	5,260	4,110	2,969
Investment Income	126,536	63,476	117,751
Total Revenue	12,390,287	12,278,884	12,136,766
Expenses			
Instruction	8,895,332	9,023,826	9,111,451
District Administration	1,357,011	1,590,476	1,308,946
Operations and Maintenance	1,527,608	1,565,413	1,466,261
Transportation and Housing	653,907	554,959	536,551
Total Expense	12,433,858	12,734,674	12,423,209
Operating Surplus (Deficit) for the year	(43,571)	(455,790)	(286,443)
Budgeted Appropriation (Retirement) of Surplus (Deficit)	293,571		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(250,000)	(302,623)	(442,652)
Total Net Transfers	(250,000)	(302,623)	(442,652)
Total Operating Surplus (Deficit), for the year	-	(758,413)	(729,095)
Operating Surplus (Deficit), beginning of year		1,953,310	2,682,405
Operating Surplus (Deficit), end of year		1,194,897	1,953,310
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 15)		386,824	458,000
Unrestricted		808,073	1,495,310
Total Operating Surplus (Deficit), end of year		1,194,897	1,953,310

School District No. 10 (Arrow Lakes)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2026

	2026 Budget (Note 12)	2026 Actual	2025 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	11,691,737	11,407,817	11,320,576
Other Ministry of Education and Child Care Grants			
Pay Equity	40,560	40,560	40,560
Student Transportation Fund	42,675	42,675	42,675
Foundation Skills Assessment (FSA) Scorer Grant	4,094	4,094	4,094
Child Care Funding	170,928	172,263	176,710
Labour Settlement Funding		226,600	88,988
Early Learning Framework Grant	6,429		
Miscellaneous		17,381	60,660
Total Provincial Grants - Ministry of Education and Child Care	11,956,423	11,911,390	11,734,263
Provincial Grants - Other	151,318	106,591	90,758
Other Revenues			
Miscellaneous			
Childcare Fees from Parents (Including ACCB)	150,750	180,404	139,425
Miscellaneous		12,913	51,600
Total Other Revenue	150,750	193,317	191,025
Rentals and Leases	5,260	4,110	2,969
Investment Income	126,536	63,476	117,751
Total Operating Revenue	12,390,287	12,278,884	12,136,766

School District No. 10 (Arrow Lakes)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2026

	2026 Budget (Note 12)	2026 Actual	2025 Actual
	\$	\$	\$
Salaries			
Teachers	4,056,320	4,264,108	4,179,440
Principals and Vice Principals	963,363	925,821	928,821
Educational Assistants	1,180,971	1,080,127	1,058,948
Support Staff	991,183	995,475	937,965
Other Professionals	923,814	1,091,420	993,209
Substitutes	481,400	511,779	486,807
Total Salaries	8,597,051	8,868,730	8,585,190
Employee Benefits	1,872,604	2,114,798	1,953,854
Total Salaries and Benefits	10,469,655	10,983,528	10,539,044
Services and Supplies			
Services	510,250	575,977	633,057
Student Transportation	70,000	24,964	71,627
Professional Development and Travel	118,523	132,403	118,918
Rentals and Leases	2,760		
Dues and Fees	27,000	30,842	38,064
Insurance	42,500	30,591	44,985
Supplies	893,170	660,459	697,551
Utilities	300,000	295,910	279,963
Total Services and Supplies	1,964,203	1,751,146	1,884,165
Total Operating Expense	12,433,858	12,734,674	12,423,209

School District No. 10 (Arrow Lakes)

Schedule 2C (Unaudited)

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	3,435,427	80,401		120,904		335,540	3,972,272
1.03 Career Programs	24,262						24,262
1.07 Library Services	30,006			26,265			56,271
1.08 Counselling	134,037						134,037
1.10 Special Education	542,797	49,275	706,837			104,969	1,403,878
1.20 Early Learning and Child Care			340,470			18,230	358,700
1.31 Indigenous Education	97,579	35,270	32,820			15,056	180,725
1.41 School Administration		656,538		99,411			755,949
Total Function 1	4,264,108	821,484	1,080,127	246,580	-	473,795	6,886,094
4 District Administration							
4.11 Educational Administration		104,337			243,173		347,510
4.20 Early Learning and Child Care					2,432		2,432
4.40 School District Governance					70,142		70,142
4.41 Business Administration				6,250	501,143		507,393
Total Function 4	-	104,337	-	6,250	816,890	-	927,477
5 Operations and Maintenance							
5.20 Early Learning and Child Care				20,986	10,327		31,313
5.41 Operations and Maintenance Administration				-	226,644		226,644
5.50 Maintenance Operations				348,996	35,651	33,233	417,880
5.52 Maintenance of Grounds				21,056			21,056
5.56 Utilities							-
Total Function 5	-	-	-	391,038	272,622	33,233	696,893
7 Transportation and Housing							
7.41 Transportation and Housing Administration					1,908		1,908
7.70 Student Transportation				351,607		4,751	356,358
Total Function 7	-	-	-	351,607	1,908	4,751	358,266
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	4,264,108	925,821	1,080,127	995,475	1,091,420	511,779	8,868,730

School District No. 10 (Arrow Lakes)

Schedule 2C (Unaudited)

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 (Note 12)	2025 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	3,972,272	977,373	4,949,645	256,829	5,206,474	4,900,351	5,380,628
1.03 Career Programs	24,262	5,517	29,779	2,459	32,238	31,392	47,542
1.07 Library Services	56,271	12,340	68,611	11,240	79,851	89,849	100,985
1.08 Counselling	134,037	33,675	167,712	1,753	169,465	108,000	119,666
1.10 Special Education	1,403,878	377,831	1,781,709	65,970	1,847,679	2,025,870	1,752,071
1.20 Early Learning and Child Care	358,700	80,979	439,679	15,626	455,305	420,982	358,357
1.31 Indigenous Education	180,725	40,461	221,186	36,854	258,040	278,613	187,050
1.41 School Administration	755,949	177,048	932,997	41,777	974,774	1,040,275	1,165,152
Total Function 1	6,886,094	1,705,224	8,591,318	432,508	9,023,826	8,895,332	9,111,451
4 District Administration							
4.11 Educational Administration	347,510	67,347	414,857	40,242	455,099	386,618	328,039
4.20 Early Learning and Child Care	2,432	1,397	3,829	1,247	5,076		
4.40 School District Governance	70,142	3,851	73,993	31,750	105,743	149,502	98,279
4.41 Business Administration	507,393	106,736	614,129	410,429	1,024,558	820,891	882,628
Total Function 4	927,477	179,331	1,106,808	483,668	1,590,476	1,357,011	1,308,946
5 Operations and Maintenance							
5.20 Early Learning and Child Care	31,313	7,713	39,026		39,026	8,162	887
5.41 Operations and Maintenance Administration	226,644	47,524	274,168	23,505	297,673	273,924	292,349
5.50 Maintenance Operations	417,880	95,129	513,009	325,355	838,364	878,272	760,246
5.52 Maintenance of Grounds	21,056	6,470	27,526	32,942	60,468	67,250	132,816
5.56 Utilities	-		-	329,882	329,882	300,000	279,963
Total Function 5	696,893	156,836	853,729	711,684	1,565,413	1,527,608	1,466,261
7 Transportation and Housing							
7.41 Transportation and Housing Administration	1,908	574	2,482		2,482	13,213	39,885
7.70 Student Transportation	356,358	72,833	429,191	123,286	552,477	640,694	496,666
Total Function 7	358,266	73,407	431,673	123,286	554,959	653,907	536,551
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	8,868,730	2,114,798	10,983,528	1,751,146	12,734,674	12,433,858	12,423,209

School District No. 10 (Arrow Lakes)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2026

	2026 Budget (Note 12)	2026 Actual	2025 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	1,378,196	1,418,109	1,334,951
Other			25,000
Other Revenue	230,500	297,797	195,349
Total Revenue	<u>1,608,696</u>	<u>1,715,906</u>	<u>1,555,300</u>
Expenses			
Instruction	1,468,676	1,458,621	1,251,764
District Administration	9,378	100,827	241,070
Operations and Maintenance	65,156	156,458	62,466
Transportation and Housing	37,526		
Total Expense	<u>1,580,736</u>	<u>1,715,906</u>	<u>1,555,300</u>
Special Purpose Surplus (Deficit) for the year	<u>27,960</u>	<u>-</u>	<u>-</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(27,960)		
Total Net Transfers	<u>(27,960)</u>	<u>-</u>	<u>-</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 10 (Arrow Lakes)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2026

Schedule 3A (Unaudited)

	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	-	-	-	369,506	-	-	-	-	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	62,466	40,313			102,000	9,800	9,765	107,344	64,854
Other			7,240	311,923					
	62,466	40,313	7,240	311,923	102,000	9,800	9,765	107,344	64,854
Less: Allocated to Revenue	62,466	40,313	4,500	293,297	102,000	9,800	9,765	107,344	64,854
Deferred Revenue, end of year	-	-	2,740	388,132	-	-	-	-	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	62,466	40,313			102,000	9,800	9,765	107,344	64,854
Other Revenue			4,500	293,297					
	62,466	40,313	4,500	293,297	102,000	9,800	9,765	107,344	64,854
Expenses									
Salaries									
Teachers									
Principals and Vice Principals									14,410
Educational Assistants		31,211			62,757	3,111		72,790	25,772
Support Staff	44,947								9,576
Other Professionals									
Substitutes					2,775				
	44,947	31,211	-	-	65,532	3,111	-	72,790	49,758
Employee Benefits	9,566	9,102			19,985	715		20,001	13,435
Services and Supplies	7,953		4,500	293,297	16,483	5,974	9,765	14,553	1,661
	62,466	40,313	4,500	293,297	102,000	9,800	9,765	107,344	64,854
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 10 (Arrow Lakes)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2026

Schedule 3A (Unaudited)

	Classroom Enhancement Fund - Staffing	Mental Health in Schools	Seamless Day Kindergarten	Early Care & Learning (ECL)	Feeding Futures Fund	Health Career Grants	Professional Learning Grant	National School Food Program	TOTAL
Deferred Revenue, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ 346	\$ -	\$ 199,936	\$ -	\$ 569,788
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	227,633	57,000	55,400	619,620	350,000			46,340	1,752,535
Other									319,163
	227,633	57,000	55,400	619,620	350,000	-	-	46,340	2,071,698
Less: Allocated to Revenue	227,633	57,000	55,400	175,000	350,346	-	109,848	46,340	1,715,906
Deferred Revenue, end of year	-	-	-	444,620	-	-	90,088	-	925,580
Revenues									
Provincial Grants - Ministry of Education and Child Care	227,633	57,000	55,400	175,000	350,346		109,848	46,340	1,418,109
Other Revenue									297,797
	227,633	57,000	55,400	175,000	350,346	-	109,848	46,340	1,715,906
Expenses									
Salaries									
Teachers	180,561						36,845		217,406
Principals and Vice Principals				64,855	54,954				134,219
Educational Assistants			43,686	271			1,761		241,359
Support Staff					93,992				148,515
Other Professionals				76,636	14,616				91,252
Substitutes		2,249					27,345		32,369
	180,561	2,249	43,686	141,762	163,562	-	65,951	-	865,120
Employee Benefits	47,072	416	11,714	33,238	34,164		12,918		212,326
Services and Supplies		54,335			152,620		30,979	46,340	638,460
	227,633	57,000	55,400	175,000	350,346	-	109,848	46,340	1,715,906
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 10 (Arrow Lakes)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2026

	2026 Budget (Note 12)	2026 Actual			2025 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	7,464		1,906	1,906	3,825
Amortization of Deferred Capital Revenue	1,039,944	1,041,782		1,041,782	968,455
Total Revenue	1,047,408	1,041,782	1,906	1,043,688	972,280
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	980,577	974,472		974,472	966,964
Transportation and Housing	242,906	316,764		316,764	281,114
Total Expense	1,223,483	1,291,236	-	1,291,236	1,248,078
Capital Surplus (Deficit) for the year	(176,075)	(249,454)	1,906	(247,548)	(275,798)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	277,960	302,623		302,623	442,652
Total Net Transfers	277,960	302,623	-	302,623	442,652
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		100,752	(100,752)	-	
Total Other Adjustments to Fund Balances		100,752	(100,752)	-	
Total Capital Surplus (Deficit) for the year	101,885	153,921	(98,846)	55,075	166,854
Capital Surplus (Deficit), beginning of year		1,745,801	98,846	1,844,647	1,677,793
Capital Surplus (Deficit), end of year		1,899,722	-	1,899,722	1,844,647

School District No. 10 (Arrow Lakes)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2026

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	362,514	34,398,526	2,040,202	3,243,580		408,075	40,452,897
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,054,438	91,356				2,145,794
Operating Fund		89,673	1,159	117,038		94,753	302,623
Local Capital		100,752					100,752
	-	2,244,863	92,515	117,038	-	94,753	2,549,169
Decrease:							
Deemed Disposals			75,865	268,909		69,190	413,964
	-	-	75,865	268,909	-	69,190	413,964
Cost, end of year	362,514	36,643,389	2,056,852	3,091,709	-	433,638	42,588,102
Work in Progress, end of year							-
Cost and Work in Progress, end of year	362,514	36,643,389	2,056,852	3,091,709	-	433,638	42,588,102
Accumulated Amortization, beginning of year		16,214,803	769,997	936,147		164,692	18,085,639
Changes for the Year							
Amortization for the Year		685,645	204,656	316,764		84,171	1,291,236
		685,645	204,656	316,764	-	84,171	1,291,236
Deemed Disposals			75,865	268,909		69,190	413,964
Written-off During Year							-
District Entered							-
	-	-	75,865	268,909	-	69,190	413,964
Accumulated Amortization, end of year		16,900,448	898,788	984,002	-	179,673	18,962,911
Tangible Capital Assets - Net	362,514	19,742,941	1,158,064	2,107,707	-	253,965	23,625,191

School District No. 10 (Arrow Lakes)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2026

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	14,500,961	4,228,660	83,872	18,813,493
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,145,794			2,145,794
	2,145,794	-	-	2,145,794
Decrease:				
Amortization of Deferred Capital Revenue	794,570	241,808	5,404	1,041,782
	794,570	241,808	5,404	1,041,782
Net Changes for the Year	1,351,224	(241,808)	(5,404)	1,104,012
Deferred Capital Revenue, end of year	15,852,185	3,986,852	78,468	19,917,505
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	-	-	-	-
Work in Progress, end of year	-	-	-	-
Total Deferred Capital Revenue, end of year	15,852,185	3,986,852	78,468	19,917,505

School District No. 10 (Arrow Lakes)

Schedule 4D (Unaudited)

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	-	248,568	131,337			379,905
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	2,145,794					2,145,794
Investment Income		7,088				7,088
	2,145,794	7,088	-	-	-	2,152,882
Decrease:						
Transferred to DCR - Capital Additions	2,145,794					2,145,794
	2,145,794	-	-	-	-	2,145,794
Net Changes for the Year	-	7,088	-	-	-	7,088
Balance, end of year	-	255,656	131,337	-	-	386,993