

Audited Financial Statements of

School District No. 5 (Southeast Kootenay)

And Independent Auditors' Report thereon

June 30, 2026

School District No. 5 (Southeast Kootenay)

June 30, 2026

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School District No. 5 (Southeast Kootenay)

MANAGEMENT REPORT

Version: 6831-6086-4103

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 5 (Southeast Kootenay) 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.

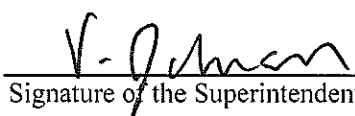
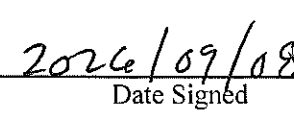
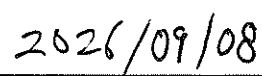
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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. 5 (Southeast Kootenay) (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, BDO Canada 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. 5 (Southeast Kootenay) 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. 5 (Southeast Kootenay)

	
Signature of the Chairperson of the Board of Education	Date Signed
	
Signature of the Superintendent	Date Signed
	
Signature of the Secretary Treasurer	Date Signed

Independent Auditor's Report

To the Board of Trustees of School District No. 5 (Southeast Kootenay)

Opinion

We have audited the financial statements of School District No. 5 (Southeast Kootenay) (the "School District"), which comprise the statement of financial position as at June 30, 2026, and the statements of operations, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared in order for the School District to meet the reporting requirements of the Act referred to above. Note 2 to the Financial Statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Other Matters

We draw attention to the fact that the supplementary information included in Schedule 1 to 4 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.



Other Information

Management is responsible for the other information. The other information, other than the financial statements and our auditor's report thereon, includes the Financial Statement Discussion and Analysis.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Prior to the date of this auditor's report, we obtained the Financial Statement Discussion and Analysis prepared by management. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements in accordance with the Act, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the School District to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the School District to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the School District audit. We remain solely responsible for our audit opinion.

We 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.

BDO Canada LLP

Chartered Professional Accountants

Salmon Arm, British Columbia
September 9, 2026

School District No. 5 (Southeast Kootenay)

Statement of Financial Position

As at June 30, 2026

Statement 1

	2026 Actual \$	2025 Actual \$
Financial Assets		
Cash and Cash Equivalents	21,859,449	21,706,648
Accounts Receivable		
Due from Province - Ministry of Education and Child Care		750,000
Due from First Nations		120,940
Other (Note 3)	1,676,352	1,352,681
Portfolio Investments (Note 4)	5,017,534	
Total Financial Assets	28,553,335	23,930,269
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	7,914,851	8,106,114
Deferred Revenue (Note 6)	2,589,015	2,607,547
Deferred Capital Revenue (Note 7)	77,945,803	72,960,901
Employee Future Benefits (Note 8)	1,022,509	949,345
Asset Retirement Obligation (Note 9)	2,344,839	2,344,839
Capital Lease Obligations (Note 10)	1,842,262	899,120
Total Liabilities	93,659,279	87,867,866
Net Debt	(65,105,944)	(63,937,597)
Non-Financial Assets		
Tangible Capital Assets (Note 11)	96,825,078	92,850,476
Prepaid Expenses	653,086	695,515
Total Non-Financial Assets	97,478,164	93,545,991
Accumulated Surplus (Deficit)	32,372,220	29,608,394

Approved by the Board

Signature of the Chairperson of the Board of Education

2026/09/08
Date Signed

Signature of the Superintendent

2026/09/08
Date Signed

Signature of the Secretary Treasurer

2026/09/08
Date Signed

School District No. 5 (Southeast Kootenay)

Statement 2

Statement of Operations

Year Ended June 30, 2026

	2026 Budget \$	2026 Actual \$	2025 Actual \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	92,044,397	96,727,973	94,242,091
Other	68,000	343,119	96,900
Federal Grants	103,074		
Other Revenue	1,386,886	4,370,624	3,801,804
Rentals and Leases	100,000	287,273	235,903
Investment Income	125,000	477,940	479,731
Amortization of Deferred Capital Revenue	3,789,789	3,574,073	3,413,136
Total Revenue	<u>97,617,146</u>	<u>105,781,002</u>	<u>102,269,565</u>
Expenses (Note 15)			
Instruction	77,959,057	84,148,716	80,787,441
District Administration	3,177,356	3,278,198	3,189,047
Operations and Maintenance	13,294,942	12,896,909	12,837,272
Transportation and Housing	2,344,519	2,573,748	2,383,398
Debt Services	75,000	119,605	79,230
Total Expense	<u>96,850,874</u>	<u>103,017,176</u>	<u>99,276,388</u>
Surplus (Deficit) for the year	<u>766,272</u>	<u>2,763,826</u>	<u>2,993,177</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		29,608,394	26,615,217
Accumulated Surplus (Deficit) from Operations, end of year		<u>32,372,220</u>	<u>29,608,394</u>

School District No. 5 (Southeast Kootenay)

Statement 4

Statement of Changes in Net Debt

Year Ended June 30, 2026

	2026 Budget \$	2026 Actual \$	2025 Actual \$
Surplus (Deficit) for the year	<u>766,272</u>	<u>2,763,826</u>	<u>2,993,177</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(24,664,335)	(8,650,751)	(7,904,139)
Amortization of Tangible Capital Assets	4,438,159	4,676,149	4,306,327
Total Effect of change in Tangible Capital Assets	<u>(20,226,176)</u>	<u>(3,974,602)</u>	<u>(3,597,812)</u>
Acquisition of Prepaid Expenses	(200,000)	(653,086)	(695,515)
Use of Prepaid Expenses	200,000	695,515	536,636
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>42,429</u>	<u>(158,879)</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(19,459,904)</u>	<u>(1,168,347)</u>	<u>(763,514)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		<u>(1,168,347)</u>	<u>(763,514)</u>
Net Debt, beginning of year		<u>(63,937,597)</u>	<u>(63,174,083)</u>
Net Debt, end of year		<u><u>(65,105,944)</u></u>	<u><u>(63,937,597)</u></u>

School District No. 5 (Southeast Kootenay)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2026

	2026 Actual \$	2025 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	2,763,826	2,993,177
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	547,269	(1,081,734)
Prepaid Expenses	42,429	(158,879)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(191,263)	(316,345)
Deferred Revenue	(18,532)	369,835
Employee Future Benefits	73,164	81,617
Amortization of Tangible Capital Assets	4,676,149	4,306,327
Amortization of Deferred Capital Revenue	(3,574,073)	(3,413,136)
Total Operating Transactions	4,318,969	2,780,862
Capital Transactions		
Tangible Capital Assets Purchased	(6,529,712)	(7,233,450)
Tangible Capital Assets -WIP Purchased	(814,850)	-
Total Capital Transactions	(7,344,562)	(7,233,450)
Financing Transactions		
Capital Revenue Received	8,558,975	8,147,348
Decrease in Capital Lease Obligation	(363,047)	(200,985)
Total Financing Transactions	8,195,928	7,946,363
Investing Transactions		
Investments in Portfolio Investments	(5,017,534)	-
Total Investing Transactions	(5,017,534)	-
Net Increase (Decrease) in Cash and Cash Equivalents	152,801	3,493,775
Cash and Cash Equivalents, beginning of year	21,706,648	18,212,873
Cash and Cash Equivalents, end of year	21,859,449	21,706,648
Cash and Cash Equivalents, end of year, is made up of:		
Cash	21,853,124	20,687,986
Cash Equivalents	6,325	1,018,662
	21,859,449	21,706,648

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 5 (Southeast Kootenay)" and operates as "School District No. 5 (Southeast Kootenay)." 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.

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(j).

In September 2010, the Province of British Columbia Treasury Board ("Treasury Board") provided directive through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sector to adopt PSA standards of the Canadian Institute of Chartered Accountants ("CICA") without not-for-profit provisions from their first fiscal year commencing after January 1, 2012. In March 2011, PSAB released a new *Section PS 3410 "Government Transfers"*. 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. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Notes 2(d) and 2(j).

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 these grants to be fully recognized into revenue. The impact of this difference on the financial statements of the School District is as follows:

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Year-ended June 30, 2025 - overstatement of revenue and annual surplus of \$3,586,099

June 30, 2025 - understatement of accumulated surplus and an overstatement
of deferred capital revenue by \$70,548,229

Year-ended June 30, 2026 - overstatement of revenue and annual surplus of \$2,157,831

June 30, 2026 - understatement of accumulated surplus and an overstatement
of deferred capital revenue by \$73,520,910

b) Cash and Cash Equivalents

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

c) Accounts Receivable

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

d) Portfolio Investments

The School District has investments in GIC's, term deposits, that either have no maturity dates or have a maturity of greater than 3 months at the time of acquisition. GIC's, term deposits, bonds and other investments not quoted in an active market are reported at cost or amortized cost (Note 4).

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SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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. See Note 2 (a) for the impact of this policy on these financial statements.

f) Employee Future Benefits

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

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARS�) of active employees covered under the plan.

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

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) 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 (Note 19). 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 (Note 2(h)). Assumptions used in the calculations are reviewed annually.

h) Capital Leases

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

i) 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.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.
- 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 Hardware	5 years

j) Prepaid Expenses

Prepaid membership dues, insurance, travel expenses and software licensing fees are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

k) 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 within accumulated surplus when approved (see Note 16 – Internally Restricted Surplus – Operating Fund).

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Revenue Recognition

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

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

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

- Non-capital contributions restricted 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. See Note 2 (a) for the impact of this policy on these financial statements.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

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. 5 (SOUTHEAST KOOTENAY)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Expenditures

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

- 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.

Categories of Salaries

- Principals, Vice-Principals, and Directors of Instruction employed under a personal services contract are categorized as Principals and Vice-Principals.
- Superintendents, Secretary-Treasurers, Exempt Staff, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

n) 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, accounts payable and accrued liabilities.

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.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

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

Financial instruments have been accounted for prospectively since June 30, 2013 in accordance with public sector accounting standards as described above.

o) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2 (a) 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. Significant areas requiring the use of management estimates relate to the potential impairment of assets, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Due from Federal Government	\$ 222,893	\$ 260,491
Employee benefit surplus	954,668	634,100
Other	498,791	458,090
	<u>\$ 1,676,352</u>	<u>\$ 1,352,681</u>

NOTE 4 PORTFOLIO INVESTMENTS

	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Investments in the cost and amortized cost category:		
Kindred Credit Union GIC earning interest of 4.0%, maturing May 2027	<u>\$ 5,017,534</u>	<u>\$ -</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Trade payables	\$ 917,382	\$ 1,068,940
Salaries and benefits payable	6,997,469	7,037,174
	<u>\$ 7,914,851</u>	<u>\$ 8,106,114</u>

NOTE 6 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.

	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Ministry of Education Grants	\$ 1,344,521	\$ 1,260,595
School generated	310,952	435,843
Scholarships	860,024	838,591
Other	73,518	72,518
	<u>\$ 2,589,015</u>	<u>\$ 2,607,547</u>
	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Balance, beginning of year	\$ 2,607,547	\$ 2,237,712
Changes for the year:		
Increase: Grants and contributions received		
Provincial	13,501,024	13,154,018
Other	2,936,511	2,746,533
Decrease: Grants and contributions recognized		
Provincial	(13,417,098)	(12,856,435)
Other	(3,038,969)	(2,674,281)
Balance, end of year	<u>\$ 2,589,015</u>	<u>\$ 2,607,547</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

NOTE 7 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.

	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Balance, beginning of year	\$ 72,960,901	\$ 68,226,689
Increase:		
Grants and contributions received	8,558,975	8,147,348
Decrease:		
Amortization of deferred capital revenue	(3,574,073)	(3,413,136)
Balance, end of year	<u>\$ 77,945,803</u>	<u>\$ 72,960,901</u>

NOTE 8 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.

	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 1,132,984	\$ 882,401
Service Cost	85,838	73,515
Interest Cost	46,802	39,099
Benefit Payments	(91,375)	(90,036)
Increase (decrease) in obligation due to plan amendment	-	33,485
Actuarial Gain (Loss)	(53,135)	194,520
Accrued Benefit Obligation – March 31	<u>\$ 1,121,114</u>	<u>\$ 1,132,984</u>

Reconciliation of Funded Status at End of Fiscal Year

Funded Status - Deficit	\$ (1,121,114)	\$ (1,132,984)
Benefit Expenses After Measurement Date	(33,502)	(33,160)
Unamortized Net Actuarial Loss	132,107	216,799
Accrued Benefit Liability - June 30	<u>\$ (1,022,509)</u>	<u>\$ (949,345)</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 8 EMPLOYEE FUTURE BENEFITS (Continued)

	June 30, 2026	June 30, 2025
Accrued Benefit Liability - July 1	\$ 949,345	\$ 867,727
Net Expense for Fiscal Year	164,539	171,654
Employer Contributions	(91,375)	(90,036)
Accrued Benefit Liability - June 30	<u>\$ 1,022,509</u>	<u>\$ 949,345</u>

Components of Net Benefit Expense

Service Cost	\$ 84,778	\$ 76,595
Interest Cost	48,204	41,025
Immediate Recognition of Plan Amendment	-	33,485
Amortization of Net Actuarial Loss	31,557	20,549
Net Benefit Expense	<u>\$ 164,539</u>	<u>\$ 171,654</u>

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

	June 30, 2026	June 30, 2025
Discount Rate – April 1	4.00%	4.25%
Discount Rate – March 31	4.50%	4.00%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	12.0	12.0

NOTE 9 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 has been 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.

Asset Retirement Obligation, June 30, 2026	\$2,344,839 (2025 - \$2,344,839)
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SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 10 CAPITAL LEASE OBLIGATIONS

During the year the School District signed lease agreements for computer equipment, vehicles and equipment.

Repayments are due as follows:

2026-27	\$ 611,668
2027-28	548,438
2028-29	499,186
2029-30	341,687
2030-31 and later	143,268
Total minimum lease payments	<u>\$ 2,144,247</u>
Less amounts representing interest (<i>ranging from 3.84% to 11.29%</i>)	<u>(301,985)</u>
Present value of net minimum capital lease payments	<u><u>\$ 1,842,262</u></u>

Total interest on leases for 2026 - \$119,605 (2025 - \$79,230).

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 11 TANGIBLE CAPITAL ASSETS

June 30, 2026

Cost:	Balance at June 30, 2025	Additions	Disposals	Balance at June 30, 2026
Sites	\$ 9,437,116	\$ 525	\$ -	\$ 9,437,641
Buildings	175,123,261	5,428,068	-	180,551,329
Furniture & Equipment	1,846,053	755,846	40,934	2,560,965
Vehicles	4,682,496	345,273	77,439	4,950,330
Computer Hardware	215,427	-	136,500	78,927
Assets Under Capital Lease	1,203,987	1,306,189	-	2,510,176
Work in Progress	-	814,850	-	814,850
Total	\$192,508,340	\$ 8,650,751	\$ 254,873	\$200,904,218

Accumulated Amortization:	Balance at June 30, 2025	Additions	Disposals	Balance at June 30, 2026
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	96,691,440	3,528,757	-	100,220,197
Furniture & Equipment	605,916	220,351	40,934	785,333
Vehicles	1,857,742	481,641	77,439	2,261,944
Computer Hardware	159,109	29,435	136,500	52,044
Asset Under Capital Lease	343,657	415,965	-	759,622
Work in Progress	-	-	-	-
Total	\$ 99,657,864	\$ 4,676,149	\$ 254,873	\$104,079,140

Net Book Value	Net Book Value June 30, 2025	Net Book Value June 30, 2026
Sites	\$ 9,437,116	\$ 9,437,641
Buildings	78,431,821	80,331,132
Furniture & Equipment	1,240,137	1,775,632
Vehicles	2,824,754	2,688,386
Computer Hardware	56,318	26,883
Assets Under Capital Lease	860,330	1,750,554
Work in Progress	-	814,850
Total	\$ 92,850,476	\$ 96,825,078

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 11 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2025

Cost:	Balance at June 30, 2024	Additions	Disposals	Balance at June 30, 2025
Sites	\$ 9,437,116	\$ -	\$ -	\$ 9,437,116
Buildings	169,111,485	6,011,776	-	175,123,261
Furniture & Equipment	2,285,577	467,542	907,066	1,846,053
Vehicles	4,096,963	754,132	168,599	4,682,496
Computer Hardware	258,603	-	43,176	215,427
Assets Under Capital Lease	533,298	670,689	-	1,203,987
Total	\$185,723,042	\$ 7,904,139	\$ 1,118,841	\$192,508,340

Accumulated Amortization:	Balance at June 30, 2024	Additions	Disposals	Balance at June 30, 2025
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	93,282,128	3,409,312	-	96,691,440
Furniture & Equipment	1,306,400	206,582	907,066	605,916
Vehicles	1,587,368	438,973	168,599	1,857,742
Computer Hardware	154,882	47,403	43,176	159,109
Asset Under Capital Lease	139,600	204,057	-	343,657
Total	\$ 96,470,378	\$ 4,306,327	\$ 1,118,841	\$ 99,657,864

Net Book Value	Net Book Value June 30, 2024	Net Book Value June 30, 2025
Sites	\$ 9,437,116	\$ 9,437,116
Buildings	75,829,357	78,431,821
Furniture & Equipment	979,177	1,240,137
Vehicles	2,509,595	2,824,754
Computer Hardware	103,721	56,318
Assets Under Capital Lease	393,698	860,330
Total	\$ 89,252,664	\$ 92,850,476

During the year, the District exercised on option associated with its 2021 acquisition of land in Fernie, British Columbia, to acquire an adjacent parcel of approximately 0.951 hectares (2.35 acres) for nominal consideration. The District recorded approximately \$525 as an addition to Sites in connection with the acquisition.

On June 30, 2024, there was a fire at Amy Woodland Elementary School which caused significant damage to the building. As a result, the amount recorded in buildings above has been derecognized as at June 30, 2024. The District is actively working with the Ministry of Education on various options for the future of the school.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 12 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2024, the Teachers' Pension Plan has about 51,000 active members from school districts, and approximately 42,000 retired members from school districts. As of December 31, 2024 the Municipal Pension Plan has about 256,000 active members, of which approximately 31,000 are 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 latest 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 next valuation will be December 31, 2026, with results available in 2027.

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 next valuation for the Municipal Pension Plan was December 31, 2027.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for the plans in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans

School District No. 5 (Southeast Kootenay) expensed \$7,015,867 (2025 - \$6,772,970) for employer contributions to these plans in the year ended June 30, 2026.

NOTE 13 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. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 14 CONTINGENCIES

In the ordinary course of operations, the School District has legal proceedings brought against it which remain outstanding at the year end. It is the opinion of management that final determination of these claims will not have material effect on the financial position or operations of the School District.

NOTE 15 EXPENSE BY OBJECT

	June 30, 2026	June 30, 2025
Salaries and benefits	\$ 85,665,534	\$ 83,025,193
Services and supplies	12,538,888	11,844,138
Scholarships	17,000	21,500
Amortization	4,676,149	4,306,327
Debt services	119,605	79,230
	<u>\$ 103,017,176</u>	<u>\$ 99,276,388</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 16 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Appropriations Summary	June 2026	June 2025
<u>Special Education</u>		
- District Summary	\$ 500,111	\$ 665,213
- Itinerant Summary 707	505,032	494,063
	1,005,143	1,159,276
<u>Schools</u>		
- Operating	43,177	(60,829)
- Learning Resources	176,472	89,464
- Growth Plans	60,876	49,392
- School Based Special Ed	14,079	14,305
	294,604	92,332
<u>Other appropriations</u>		
Contractual Pro-D	175,429	185,732
Aboriginal Education 131	165,452	8,000
Technology Program 701	47,716	567,962
Student Learning 702	33,090	-
Education Accounts 703	41,216	37,663
Education Plan 708	174,767	181,893
Capital Support Fund – Major Projects	1,600,000	950,000
School Generated Funds	1,406,822	1,276,870
Operating Projects	879,909	639,229
Transportation Fund	881,287	751,940
5 year Technology Plan	500,000	-
Appropriations - Restricted	\$ 7,205,435	\$ 5,850,987
<u>Surplus Summary June 2024</u>		
Surplus Beginning of year	\$ 9,116,562	\$ 6,115,600
Surplus/Deficit for year	3,470,177	3,851,947
Transfer to Local Capital	(1,363,572)	(850,985)
Accumulated Surplus	\$ 11,223,167	\$ 9,116,562
Appropriations - Restricted	\$ 7,205,435	\$ 5,850,987
Appropriations - Unrestricted	4,017,732	3,265,575
Accumulated Surplus	\$ 11,223,167	\$ 9,116,562

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

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.

NOTE 18 RISK MANAGEMENT

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

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

a) Credit risk:

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

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

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

b) 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.

School District No. 5 (Southeast Kootenay)

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	9,116,562		20,491,832	29,608,394	26,615,217
Changes for the year					
Surplus (Deficit) for the year	3,470,177	461,562	(1,167,913)	2,763,826	2,993,177
Interfund Transfers					
Tangible Capital Assets Purchased	(525)	(461,562)	462,087	-	
Local Capital	(1,000,000)		1,000,000	-	
Other	(363,047)		363,047	-	
Net Changes for the year	2,106,605	-	657,221	2,763,826	2,993,177
Accumulated Surplus (Deficit), end of year - Statement 2	11,223,167	-	21,149,053	32,372,220	29,608,394

School District No. 5 (Southeast Kootenay)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2026

	2026 Budget	2026 Actual	2025 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	79,654,545	83,423,889	81,385,656
Other	68,000	230,105	96,900
Federal Grants	103,074		
Other Revenue	731,886	1,342,655	1,143,023
Rentals and Leases	100,000	287,273	235,903
Investment Income	80,000	413,172	418,988
Total Revenue	<u>80,737,505</u>	<u>85,697,094</u>	<u>83,280,470</u>
Expenses			
Instruction	65,184,256	68,178,641	65,349,563
District Administration	3,174,356	3,278,198	3,189,047
Operations and Maintenance	8,832,353	8,196,330	8,506,515
Transportation and Housing	2,344,519	2,573,748	2,383,398
Total Expense	<u>79,535,484</u>	<u>82,226,917</u>	<u>79,428,523</u>
Operating Surplus (Deficit) for the year	<u>1,202,021</u>	<u>3,470,177</u>	<u>3,851,947</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(152,021)	(525)	
Local Capital	(1,050,000)	(1,000,000)	(650,000)
Other		(363,047)	(200,985)
Total Net Transfers	<u>(1,202,021)</u>	<u>(1,363,572)</u>	<u>(850,985)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>2,106,605</u>	<u>3,000,962</u>
Operating Surplus (Deficit), beginning of year		9,116,562	6,115,600
Operating Surplus (Deficit), end of year		<u>11,223,167</u>	<u>9,116,562</u>
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 16)		7,205,435	5,850,987
Unrestricted		4,017,732	3,265,575
Total Operating Surplus (Deficit), end of year		<u>11,223,167</u>	<u>9,116,562</u>

School District No. 5 (Southeast Kootenay)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2026

	2026 Budget	2026 Actual	2025 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	79,064,515	81,405,918	79,994,685
ISC/LEA Recovery	(340,061)	(604,504)	(291,446)
Other Ministry of Education and Child Care Grants			
Pay Equity	457,171	457,171	457,171
Funding for Graduated Adults	-	23,022	14,937
Student Transportation Fund	361,459	361,459	361,459
Support Staff Benefits Grant			106,661
Foundation Skills Assessment (FSA) Scorer Grant	8,187	8,187	8,187
Labour Settlement Funding	103,274	1,692,934	734,002
Indigenous Education Councils (IEC) Funding	-	79,702	-
Total Provincial Grants - Ministry of Education and Child Care	79,654,545	83,423,889	81,385,656
Provincial Grants - Other	68,000	230,105	96,900
Federal Grants	103,074	-	-
Other Revenues			
Other School District/Education Authorities	354,825	373,749	432,098
Funding from First Nations	340,061	604,504	291,446
Miscellaneous			
Miscellaneous	10,000	316,647	352,310
Courtsey Riders	-	17,228	36,160
Health Promoting Schools	27,000	30,527	31,009
Total Other Revenue	731,886	1,342,655	1,143,023
Rentals and Leases	100,000	287,273	235,903
Investment Income	80,000	413,172	418,988
Total Operating Revenue	80,737,505	85,697,094	83,280,470

School District No. 5 (Southeast Kootenay)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2026

	2026 Budget	2026 Actual	2025 Actual
	\$	\$	\$
Salaries			
Teachers	31,607,498	32,890,366	31,074,855
Principals and Vice Principals	5,254,720	5,550,340	5,533,204
Educational Assistants	7,131,913	7,299,889	7,024,863
Support Staff	7,041,224	6,265,972	6,669,155
Other Professionals	3,381,279	3,194,650	3,135,697
Substitutes	2,335,353	3,920,910	3,916,451
Total Salaries	56,751,987	59,122,127	57,354,225
Employee Benefits	14,220,162	14,480,518	13,719,367
Total Salaries and Benefits	70,972,149	73,602,645	71,073,592
Services and Supplies			
Services	2,323,027	2,485,744	2,376,378
Student Transportation	141,176	173,212	167,526
Professional Development and Travel	978,169	884,813	793,016
Rentals and Leases	122,327	288,941	100,643
Dues and Fees	94,300	81,642	82,057
Insurance	247,800	213,846	198,258
Supplies	3,391,536	2,965,148	3,034,930
Utilities	1,265,000	1,530,926	1,602,123
Total Services and Supplies	8,563,335	8,624,272	8,354,931
Total Operating Expense	79,535,484	82,226,917	79,428,523

School District No. 5 (Southeast Kootenay)

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	27,599,203	1,596,467		475,926	250,268	2,825,162	32,747,026
1.03 Career Programs							-
1.07 Library Services	782,935			137,543		39,533	960,011
1.08 Counselling	970,346					27,539	997,885
1.10 Special Education	3,351,502	169,791	6,522,218	118	660,550	675,009	11,379,188
1.20 Early Learning and Child Care		20,596					20,596
1.30 English Language Learning	53,860						53,860
1.31 Indigenous Education	132,520	20,582	777,671		151,442	5,193	1,087,408
1.41 School Administration		3,486,562		1,141,900		118,767	4,747,229
Total Function 1	32,890,366	5,293,998	7,299,889	1,755,487	1,062,260	3,691,203	51,993,203
4 District Administration							
4.11 Educational Administration		256,342			306,300	19,299	581,941
4.40 School District Governance					164,600	14,983	179,583
4.41 Business Administration				160,543	1,217,997		1,378,540
Total Function 4	-	256,342	-	160,543	1,688,897	34,282	2,140,064
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				23,840	289,585	582	314,007
5.50 Maintenance Operations				3,094,403		135,234	3,229,637
5.52 Maintenance of Grounds				95,396			95,396
5.56 Utilities							-
Total Function 5	-	-	-	3,213,639	289,585	135,816	3,639,040
7 Transportation and Housing							
7.41 Transportation and Housing Administration					153,908		153,908
7.70 Student Transportation				1,136,303		59,609	1,195,912
Total Function 7	-	-	-	1,136,303	153,908	59,609	1,349,820
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	32,890,366	5,550,340	7,299,889	6,265,972	3,194,650	3,920,910	59,122,127

School District No. 5 (Southeast Kootenay)

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	2025 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	32,747,026	7,014,779	39,761,805	2,550,598	42,312,403	39,889,690	39,861,876
1.03 Career Programs	-		-	47,617	47,617	101,882	50,603
1.07 Library Services	960,011	252,014	1,212,025	135,143	1,347,168	1,225,668	1,316,180
1.08 Counselling	997,885	243,161	1,241,046	2,999	1,244,045	1,223,590	1,236,913
1.10 Special Education	11,379,188	3,552,144	14,931,332	502,239	15,433,571	14,537,491	14,878,251
1.20 Early Learning and Child Care	20,596		20,596	5,214	25,810	40,413	-
1.30 English Language Learning	53,860	13,460	67,320	5,775	73,095	74,621	71,926
1.31 Indigenous Education	1,087,408	317,621	1,405,029	272,273	1,677,302	1,993,212	1,924,898
1.41 School Administration	4,747,229	1,165,793	5,913,022	104,608	6,017,630	6,097,689	6,008,916
Total Function 1	51,993,203	12,558,972	64,552,175	3,626,466	68,178,641	65,184,256	65,349,563
4 District Administration							
4.11 Educational Administration	581,941	130,064	712,005	147,189	859,194	638,355	743,021
4.40 School District Governance	179,583	7,248	186,831	110,943	297,774	275,219	259,597
4.41 Business Administration	1,378,540	371,225	1,749,765	371,465	2,121,230	2,260,782	2,186,429
Total Function 4	2,140,064	508,537	2,648,601	629,597	3,278,198	3,174,356	3,189,047
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	314,007	74,025	388,032	211,563	599,595	701,760	556,978
5.50 Maintenance Operations	3,229,637	915,263	4,144,900	1,564,483	5,709,383	6,366,401	5,869,526
5.52 Maintenance of Grounds	95,396	13,527	108,923	247,503	356,426	499,192	477,888
5.56 Utilities	-		-	1,530,926	1,530,926	1,265,000	1,602,123
Total Function 5	3,639,040	1,002,815	4,641,855	3,554,475	8,196,330	8,832,353	8,506,515
7 Transportation and Housing							
7.41 Transportation and Housing Administration	153,908	36,672	190,580	8,966	199,546	173,930	188,993
7.70 Student Transportation	1,195,912	373,522	1,569,434	804,768	2,374,202	2,170,589	2,194,405
Total Function 7	1,349,820	410,194	1,760,014	813,734	2,573,748	2,344,519	2,383,398
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	59,122,127	14,480,518	73,602,645	8,624,272	82,226,917	79,535,484	79,428,523

School District No. 5 (Southeast Kootenay)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2026

	2026 Budget \$	2026 Actual \$	2025 Actual \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	12,389,852	13,304,084	12,856,435
Other		113,014	
Other Revenue	655,000	3,027,969	2,658,781
Investment Income	20,000	11,000	15,500
Total Revenue	13,064,852	16,456,067	15,530,716
Expenses			
Instruction	12,774,801	15,970,075	15,437,878
District Administration	3,000		
Operations and Maintenance	24,430	24,430	24,430
Total Expense	12,802,231	15,994,505	15,462,308
Special Purpose Surplus (Deficit) for the year	262,621	461,562	68,408
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(262,621)	(461,562)	(68,408)
Total Net Transfers	(262,621)	(461,562)	(68,408)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 5 (Southeast Kootenay)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	506,668		838,591	435,843		26,789	285,466		
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	287,051	279,711			136,000	26,950	205,738	422,724	169,780
Provincial Grants - Other			16,151	2,897,078					
Other			22,282						
Investment Income									
	287,051	279,711	38,433	2,897,078	136,000	26,950	205,738	422,724	169,780
Less: Allocated to Revenue	485,992	279,711	17,000	3,021,969	136,000	27,754	205,658	422,724	169,780
Deferred Revenue, end of year	307,727	-	860,024	310,952	-	25,985	285,546	-	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	485,992	279,711			136,000	27,754	205,658	422,724	169,780
Provincial Grants - Other			6,000	3,021,969					
Other Revenue			11,000						
Investment Income									
	485,992	279,711	17,000	3,021,969	136,000	27,754	205,658	422,724	169,780
Expenses									
Salaries									
Teachers								28,697	
Principals and Vice Principals									
Educational Assistants		211,429							
Support Staff							54,304	239,042	135,368
Other Professionals									
Substitutes						5,409		1,737	
	-	211,429	-	-	-	5,409	54,304	269,476	135,368
Employee Benefits		68,282				1,352	19,454	88,649	34,093
Services and Supplies	24,430		17,000	3,021,969	136,000	20,993	131,900	64,599	319
	24,430	279,711	17,000	3,021,969	136,000	27,754	205,658	422,724	169,780
Net Revenue (Expense) before Interfund Transfers	461,562	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(461,562)								
	(461,562)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 5 (Southeast Kootenay)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children (CR4YC)	Strengthening Early Years to Kindergarten (SEY2KT)	Early Care & Learning (ECL)	Feeding Futures Fund	Professional Learning Grant
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year			46,110	35,038	1,991	9,496	3,428	3,086	225,839
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	10,153,310	142,796	31,602	52,000			525,000	770,348	
Provincial Grants - Other									
Other									
Investment Income									
	10,153,310	142,796	31,602	52,000	-	-	525,000	770,348	-
Less: Allocated to Revenue	10,153,310	142,796	-	45,881	-	6,561	178,428	773,434	137,325
Deferred Revenue, end of year	-	-	77,712	41,157	1,991	2,935	350,000	-	88,514
Revenues									
Provincial Grants - Ministry of Education and Child Care	10,153,310	142,796		45,881		6,561	178,428	773,434	137,325
Provincial Grants - Other									
Other Revenue									
Investment Income									
	10,153,310	142,796	-	45,881	-	6,561	178,428	773,434	137,325
Expenses									
Salaries									
Teachers	7,623,041								
Principals and Vice Principals							129,343		
Educational Assistants									
Support Staff								318,153	
Other Professionals								82,357	
Substitutes		119,697		10,931		4,576			50,555
	7,623,041	119,697	-	10,931	-	4,576	129,343	400,510	50,555
Employee Benefits	2,530,269	23,099		2,733		1,145	46,604	112,565	12,639
Services and Supplies				32,217		840	2,481	260,359	74,131
	10,153,310	142,796	-	45,881	-	6,561	178,428	773,434	137,325
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 5 (Southeast Kootenay)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

Schedule 3A (Unaudited)

	National School Food Program	MCF Programs	Estate of Clarence SES	Back to School Backpack	TOTAL
	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	116,684		72,518		2,607,547
Add: Restricted Grants					
Provincial Grants - Ministry of Education and Child Care	185,000				13,388,010
Provincial Grants - Other		113,014			113,014
Other				1,000	2,914,229
Investment Income					22,282
	185,000	113,014	-	1,000	16,437,535
Less: Allocated to Revenue	138,730	113,014	-	-	16,456,067
Deferred Revenue, end of year	162,954	-	72,518	1,000	2,589,015
Revenues					
Provincial Grants - Ministry of Education and Child Care	138,730				13,304,084
Provincial Grants - Other		113,014			113,014
Other Revenue					3,027,969
Investment Income					11,000
	138,730	113,014	-	-	16,456,067
Expenses					
Salaries					
Teachers					7,651,738
Principals and Vice Principals					129,343
Educational Assistants					211,429
Support Staff					746,867
Other Professionals		81,488			163,845
Substitutes					192,905
	-	81,488	-	-	9,096,127
Employee Benefits		25,881			2,966,765
Services and Supplies	138,730	5,645			3,931,613
	138,730	113,014	-	-	15,994,505
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	461,562
Interfund Transfers					
Tangible Capital Assets Purchased					(461,562)
	-	-	-	-	(461,562)
Net Revenue (Expense)	-	-	-	-	-

School District No. 5 (Southeast Kootenay)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2026

	2026 Budget	2026 Actual			2025 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	25,000		53,768	53,768	45,243
Amortization of Deferred Capital Revenue	3,789,789	3,574,073		3,574,073	3,413,136
Total Revenue	3,814,789	3,574,073	53,768	3,627,841	3,458,379
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	4,438,159	4,676,149		4,676,149	4,306,327
Debt Services					
Capital Lease Interest	75,000		119,605	119,605	79,230
Total Expense	4,513,159	4,676,149	119,605	4,795,754	4,385,557
Capital Surplus (Deficit) for the year	(698,370)	(1,102,076)	(65,837)	(1,167,913)	(927,178)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	414,642	462,087		462,087	68,408
Local Capital	1,050,000		1,000,000	1,000,000	650,000
Capital Lease Payment	-		363,047	363,047	200,985
Total Net Transfers	1,464,642	462,087	1,363,047	1,825,134	919,393
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		335,721	(335,721)	-	
Principal Payment					
Capital Lease		363,047	(363,047)	-	
Total Other Adjustments to Fund Balances		698,768	(698,768)	-	
Total Capital Surplus (Deficit) for the year	766,272	58,779	598,442	657,221	(7,785)
Capital Surplus (Deficit), beginning of year		19,058,287	1,433,545	20,491,832	20,499,617
Capital Surplus (Deficit), end of year		19,117,066	2,031,987	21,149,053	20,491,832

School District No. 5 (Southeast Kootenay)

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	9,437,116	175,123,261	1,846,053	5,085,345	-	1,016,565	192,508,340
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,842,682	268,549	345,273			3,456,504
Deferred Capital Revenue - Other		2,101,777	173,623				2,275,400
Operating Fund	525						525
Special Purpose Funds		461,562					461,562
Local Capital		22,047	313,674				335,721
Capital Under Capital Lease			276,621	296,643		732,925	1,306,189
	525	5,428,068	1,032,467	641,916	-	732,925	7,835,901
Decrease:							
Deemed Disposals			40,934	77,439		136,500	254,873
	-	-	40,934	77,439	-	136,500	254,873
Cost, end of year	9,437,641	180,551,329	2,837,586	5,649,822	-	1,612,990	200,089,368
Work in Progress, end of year		814,850					814,850
Cost and Work in Progress, end of year	9,437,641	181,366,179	2,837,586	5,649,822	-	1,612,990	200,904,218
Accumulated Amortization, beginning of year		96,691,440	605,916	1,922,289		438,219	99,657,864
Changes for the Year							
Amortization for the Year		3,528,757	234,182	591,875		321,335	4,676,149
		3,528,757	234,182	591,875	-	321,335	4,676,149
Deemed Disposals			40,934	77,439		136,500	254,873
Written-off During Year							-
District Entered							-
	-		40,934	77,439	-	136,500	254,873
Accumulated Amortization, end of year		100,220,197	799,164	2,436,725	-	623,054	104,079,140
Tangible Capital Assets - Net	9,437,641	81,145,982	2,038,422	3,213,097	-	989,936	96,825,078

School District No. 5 (Southeast Kootenay)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2026

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year					-
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	680,515				680,515
Deferred Capital Revenue - Other	134,335				134,335
	814,850	-	-	-	814,850
Net Changes for the Year	814,850	-	-	-	814,850
Work in Progress, end of year	814,850	-	-	-	814,850

School District No. 5 (Southeast Kootenay)

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	64,455,659	4,024,803	2,067,767	70,548,229
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	3,456,504	2,101,777	173,623	5,731,904
	3,456,504	2,101,777	173,623	5,731,904
Decrease:				
Amortization of Deferred Capital Revenue	3,310,947	159,573	103,553	3,574,073
	3,310,947	159,573	103,553	3,574,073
Net Changes for the Year	145,557	1,942,204	70,070	2,157,831
Deferred Capital Revenue, end of year	64,601,216	5,967,007	2,137,837	72,706,060
Work in Progress, beginning of year				-
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	680,515	134,335		814,850
	680,515	134,335	-	814,850
Net Changes for the Year	680,515	134,335	-	814,850
Work in Progress, end of year	680,515	134,335	-	814,850
Total Deferred Capital Revenue, end of year	65,281,731	6,101,342	2,137,837	73,520,910

School District No. 5 (Southeast Kootenay)

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	203,807	4,789	2,101,776		102,300	2,412,672
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	5,297,814		3,164,000			8,461,814
Other					97,033	97,033
Investment Income		128				128
	5,297,814	128	3,164,000	-	97,033	8,558,975
Decrease:						
Transferred to DCR - Capital Additions	3,456,504		2,101,777		173,623	5,731,904
Transferred to DCR - Work in Progress	680,515		134,335			814,850
	4,137,019	-	2,236,112	-	173,623	6,546,754
Net Changes for the Year	1,160,795	128	927,888	-	(76,590)	2,012,221
Balance, end of year	1,364,602	4,917	3,029,664	-	25,710	4,424,893