

FINANCIAL STATEMENT DISCUSSION & ANALYSIS REPORTING | For the Year Ended June 30, 2024



SCHOOL DISTRICT NO. 73
(Kamloops - Thompson)

The following is a discussion and analysis of the School District's financial performance for the fiscal year which ended June 30, 2024. This report is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. The results of the 2023-2024 year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which once approved are published on the District's website [here](#).



Acknowledgement

We are grateful to be guests on the territory of seven Secwépemc First Nations: Sexqeltqin (Adams Lake Band), Simpcw, Sk'emtsin (Neskonlith Band), Skitseten (Skeetchestn Band), Skwłāx te Secwepemcūlcw, Stilq̓w / Pelltiq̓t (Whispering Pines / Clinton Band), and Tk'emlúps te Secwépemc.

Who We Are

The Kamloops-Thompson School District is comprised of 12 rural-urban communities (Kamloops, Pinantan Lake, Heffley Creek, Sun Peaks, Barriere, Clearwater, Vavenby, Blue River, Logan Lake, Savona, Chase, and Westwold) located in 27,000 square kilometers (the size of Vancouver Island).

We continue to grow rapidly (250 students/year) as the 13th largest district provincially. To manage growth, we had consulted in 2022-2023 with more than 1,000 parents and staff in focus groups to determine how best to maximize the capacity of our schools and to ensure optimal education of K-12. The result: 20% of our schools prepared for a reconfiguration of grades (i.e., K-6 to K-7; our only Gr. 7-9 and 10-12 schools become Gr. 8-12), and two elementary schools will reopen in the Fall of 2024. We began construction of a new K-7 school, which is the first ever to have a Secwépemc name ~ Sníne Elementary (owl). Rapid growth demands ongoing community engagement about many goals—how to use space in schools and naming a new school, as examples. Through such engagements, we are accustomed to working together to address hard questions about how to change what we are doing to continue to improve, especially for students who have not traditionally been successful in the District.



Over 3,000 Indigenous students and families from seven local First Nations and Métis Nations have a voice on the Aboriginal Education Council (AEC). Given the strength of the partnership between the AEC and the Kamloops-Thompson Board of Education, in 2021-2022, conversations with elders, knowledge keepers, families, the AEC, and representative focus groups from across the District about who we are resulted in the new [2022-2027 District Strategic Plan](#). Elder Joan Arnouse emphasized, “To thrive, students and adults must live by the Seven Grandfather Teachings as a community (symbolized by the hearthfire).” These teachings are depicted artistically by Secwépemc artist, Kelsey Jules [here](#).

District Strategic Plan

2023-2024 was the second year of living our [2022-2027 District Strategic Plan](#), which emerged from consultation that started and ended with cycles of ongoing review with the Aboriginal Education Council. We involved approximately 2,000 students, parents, staff, and partners and iteratively checked our understandings with the Aboriginal Education Council. We started with the Aboriginal Education Council because we sought to begin with an Aboriginal conception of the plan for improvement, not to “Indigenize” it afterwards. **Our four value commitments:** connections/relationships, wellbeing, equity, sustainability are achieved by enacting the **Seven Grandfather Teachings**.



Our 5 Priorities are: Intellectual Development ~ Human and Social Development ~ Cultural and Identity Development ~ Career Development ~ Systems Development.

Financial Highlights

The 2023-2024 school year was the second year of the District's five-year strategic plan, which guides the District's financial priorities. The District reported its progress made in the second year of the strategic plan in its [2023-2024 District Learning Plan](#). All students (Gr. 4,7,10, 12) have improved in feeling safe, welcome, and having a sense of belonging. Aboriginal students and students in care improved more than provincial peers. Primary students improved in reading results over the last three years and gains were sustained into secondary. We had the highest 6-year graduation rates in the history of the school district.

Operations staff successfully supported the building of a new school (Parkcrest Elementary Rebuild) and the growth of child care and Feeding Futures programs. To contribute to these results, Operations staff optimized bus routes, facilitated extra space, renovated schools that underwent grade reconfigurations and two schools that were reopened (Parkcrest Elementary, George Hilliard Elementary).

The year began with the Ministry of Education and Child Care's announcement of a \$214 million investment over three years for school districts to create or expand local food programs. This new special purpose fund, the Feeding Futures School Foods Program, was a direct recognition by the province of the impact global inflation was having on the costs of living and meant to address student hunger, making sure students are fed and ready to learn. Staff leveraged the funding to develop or redesigned school kitchens across the District. This allowed schools to offer breakfast, lunch and meal programs and ensured contemporary facilities. In 2023-2024, the Board approved the expansion of preschool programs in five elementary schools and opened two child care facilities. The Ministry of Education and Child Care also replenished funds to continue the work of the Student and Family Affordability Fund, helping students and families with school supplies and other fees.

Through the District's capital fund, work continued on the Parkcrest Elementary rebuild with students set to enter the new school in September 2024, the completion of child care spaces at Ralph Bell Elementary and Happyvale Elementary, and work began on building Sníne Elementary School.

In the Operating Fund, the District experienced increased student enrolment, continued inflationary pressures affecting the cost of its supplies and services and continued high levels of employee absenteeism. An error in the financial projection process presented to the Board in May 2024 meant that a surplus intended to absorb overages in salaries, benefits, supplies and services did not materialize and the District continued to spend based on the 2023-2024 Amended Annual Budget. The error gave the Board a false sense of the District's financial position and identifying this error sooner would have allowed District staff the opportunity to suggest alterations to the Board to adjust spending where possible with the intent to offset budgets that were tracking over such as relief costs, benefits and supplies. The result was that the District reported an Operating Fund deficit of \$784,021 after capital transactions, and a deficit of \$1,274,139 in Local Capital.

Once the deficits were shared with the Board, a decision was made to rectify them using internally restricted reserves. The District's existing internally restricted reserves had already been reduced in the 2022-2023 school year due to an unexpected cost of employee benefits exceeding budget and WorkSafeBC premiums increasing significantly based on the District's claims history. Prior to 2022-2023, costs associated with consistent enrolment growth had put significant pressure on the District's existing reserves within the Operating Fund and Local Capital Fund. For example, \$5,684,398 has been spent in the last five years on purchasing and relocating portables to accommodate student enrolment growth. As such the District has decided to carry the Local Capital Fund deficit and the portion of the Operating Fund deficit not associated with a change in an existing reserve, as a negative amount within the internally restricted reserves. In the Fall of 2024, District staff brought forward a sustainable budget reduction plan to the Board for approval to repay those line items and replenish the District's reserves within two years.

The following pages provide specific reasons for the 2023-2024 Operating Fund Deficit.

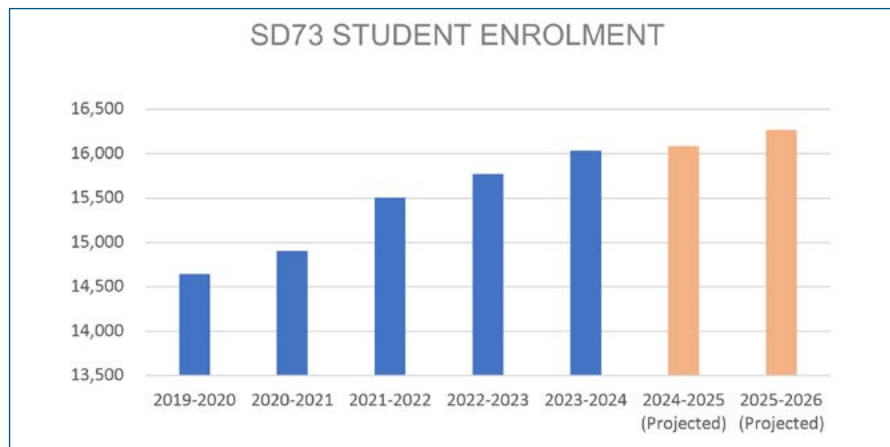
Operating Fund Results

FUNDING MODEL

The District's Operating Fund is funded primarily by the Ministry of Education and Child Care's Operating Grant allocated by the Ministry on a per student Full Time Equivalent (FTE) basis. Based on the District's student enrolments, each of those students' funding classifications and the current rates provided by the Ministry, the District receives on average \$11,730 per student Full Time Equivalent (FTE).

STUDENT ENROLMENT

Over the last five years, the District's enrolment has grown from 14,647 Kindergarten to Grade 12 (K-12) students in the 2019-2020 school year to 16,037 students in the 2023-2024 school year. The District reports enrolment growth as headcount values, as space requirements are dependent on headcount and not FTE. This growth over the last five years is an increase of 278 students each year, the equivalent of a medium-sized elementary school. The District is continuing to project growth over the next ten years as the Kamloops-Thompson region is one of the fastest growing municipalities in British Columbia. The District's [2024 Long-Range Facilities Plan](#) published in February 2024 estimates student enrolment to be 17,400 by 2034.



The enrolment growth experienced by the District over the last five years results in increased overall funding but also comes with additional, required costs – additional classroom spaces through purchasing portables and reconfiguring catchment areas, additional teachers’ salaries and benefits and additional supplies and services.

OPERATING FUND OVERVIEW

In 2023-2024 the funds received from the Ministry of Education and Child Care totaled \$190,853,430, or 94.65% of the total Operating Fund revenues (\$201,640,562).

Over 88% of the total Operating Fund revenues are used to fund salaries and employee benefits. As examples, salary costs for the District’s staff includes teachers (\$83,067,781, 41.2% of total Operating Fund revenues), principals and vice principals (\$12,284,728, 6.1% of total Operating Fund revenues), Certified Education Assistants and Aboriginal Education Workers (\$11,307,589, 5.6% of total Operating Fund revenues) and relief staff including support staff and teachers teaching on call (\$10,606,103, 5.3% of total Operating Fund revenues). Increased absenteeism (illness, medical leaves, vacancies and meetings requiring replacement staff) over the last five years has caused relief costs to more than double over the same period of time. The costs of relief staff, growing at an exponential rate, have grown faster than increases in the per FTE funding and consequently have reduced the budgets available to fund supplies and services of the District.

The remaining 12% is used to fund the supplies and services for the District. This includes the costs to maintain facilities and transport students, utilities costs to operate schools and classrooms, and the costs of supplies for schools, classrooms, and administration to function efficiently. Unspent funds were required at the end of the 2023-2024 school year to transfer to Local Capital for the purchases of portables, information technology equipment, and classroom equipment and furniture.

Although the previously mentioned growth has resulted in increased funding for the District, aging facilities requiring repairs and maintenance, increased costs of supplies and services due to inflationary pressures and continued high levels of staff absenteeism have resulted in an Operating Fund deficit for the 2023-2024 school year.

Below is a table summarizing the 2023-2024 versus the 2022-2023 Operating Fund results.

Summary Operating Results	2022-2023	Increase (\$)	2023-2024
Revenues	\$185,325,401	\$16,315,161	\$201,640,562
Salaries	133,010,543	12,610,317	145,620,860
Benefits	30,633,923	1,753,822	32,387,745
Supplies and Services	22,756,874	973,301	23,730,175
Deficit Before Transfers To Other Funds	(1,075,939)	977,721	(98,218)
Required Transfers			
School Purchases of Capital Assets	-	(633,065)	(633,065)
Local Capital Purchases	(1,990,107)	715,968	(1,274,139)
Remediation of Asset Retirement Obligation	(60,293)	7,555	(52,738)
Total Operating Deficit, for the year	(\$3,126,339)	\$2,469,790	(\$2,058,160)

OPERATING FUND REVENUES

K-12 public education remains a priority for Government which translated into additional funding in 2023-2024. Operating Fund revenues for the District increased \$16.315 million over 2022-2023 in the following areas:

- SD73 received an additional \$15.789 million from the Ministry of Education and Child Care for the following:
 - Increase in funding due to enrolment growth and Labour Settlement funding \$13.895 million.
 - Increase in funding of \$3.990 million due to rate and enrolment increases for Unique Student Needs. This includes students in the following categories: Levels 1-3 (diverse learners) students, Aboriginal Education and English Language Learning.
 - Increase in funding for Unique Geographical Factors of \$791,7477.
- The International Student Program continued to operate at pre-pandemic levels. Revenues decreased slightly to \$5,001,861, or 2.30%, from \$5,120,472 as reported on June 30, 2023. The program supported 185.55 FTE students from 22 countries, attending five secondary schools.
- The Next Generation Network (NGN) self-provision credit associated with the District's investment in the Kamloops Fibre Network and our "dish-to-dish" network connecting elementary schools to our secondary schools provided a semi-annual rebate of \$113,111 for a total of \$226,222 each year. A portion of the rebate enables the Information Technology Department to further invest in technology projects in support of our students.
- The District's Career Development Programs allow students to explore experiential career learning opportunities, dual-credit programs and occupation-focused training programs. Funding is received through sources such as SkilledTradesBC (previously Industry Training Authority), course fees and Heavy Metal Rocks.

- Interest income is earned on the District's interest bearing accounts including its bank accounts and surplus funds invested with the Ministry of Finance's Shared Pool Investment.

Ministry of Education and Child Care funding on a per FTE basis increased in the current year to \$8,625/FTE student (from \$7,885/FTE student in 2022-2023) and enrolment under the standard student category was up overall by 287.125 FTE students from 2022-2023. In-class instruction enrolment increased by 220.313 FTE with online learning increasing by 72.813 FTE and home school enrolment decreasing by 6.000 FTE.

Total K-12 per FTE students 2022-2023 versus 2023-2024:

	Actual 2022-2023	Growth/(Decline)	Actual 2023-2024
Standard Schools	15,408.688	220.313	15,629.000
Distributed Learning	359.438	72.813	432.250
Home Schools	51.000	(6.000)	45.000
	15,819.125	287.125	16,106.250

The enrolment classifications above include:

- Standard Schools: in-class learners, diverse learners, and Aboriginal learners;
- Distributed Learning: students enrolled with @KOOL, the District's Provincial Online Learning School; and,
- Home Schools: students located within the District taking home school courses

Please refer to Schedule 2A in the Audited Financial Statements for further information about its Operating Fund revenues.



OPERATING FUND – SALARIES AND BENEFITS BY EMPLOYEE GROUP

Salaries and Benefits in the Operating Fund have been compared to the prior year's financial results as well as to 2019-2020. 2019-2020 was the first year of the global COVID-19 pandemic and since that time the District has seen significant growth in student enrolments, and also significant changes to how and when employees access their sick and other leave provisions.

Salaries by Employee Group

The District hired additional employees in all categories for the 2023-2024 school year, most significantly in teaching and school-based support staff positions corresponding with increased student enrolment.

	2019-2020	2022-2023	2023-2024	Variance		Variance	
				2022-2023 to 2023-2024		2019-2020 to 2023-2024	
				\$	%	\$	%
FTE K-12 Student Enrolment	15,033.250	15,819.125	16,106.500	287.375	2%	1,073.250	7%
FTE District Staff	1,582.00	1,711.00	1,747.00	36.00	2%	165.00	10%
Teachers	\$66,490,655	\$76,724,300	\$83,067,781	\$6,343,481	8%	\$16,577,126	25%
Principals/Vice Principals	9,545,743	11,381,490	12,284,728	903,238	8%	2,738,985	29%
Education Assistants	9,381,920	10,346,210	11,307,589	961,379	9%	1,925,669	21%
Support Staff	17,525,236	20,998,882	22,905,030	1,906,148	9%	5,379,794	31%
Exempt Staff	3,968,901	5,091,019	5,449,629	358,610	7%	1,480,728	37%
Relief Costs	5,132,484	8,468,642	10,606,103	2,137,461	25%	5,473,619	107%
	\$112,044,939	\$133,010,543	\$145,620,860	\$12,610,317	9%	\$33,575,921	30%

Employee Relief Costs

In addition to staffing increases to accommodate student enrolment growth, the District continued to experience higher than average employee absenteeism and relief costs across most employee classifications with relief costs increasing over 25% from the 2022-2023 year-end and more than double the relief costs experienced in 2019-2020. These increases are disproportionate to the increases year-over-year in staffing levels and the negotiated wage increases averaging 6.75% during the 2023-2024 year.

5-Year History	Total Relief Costs	Year-Over-Year Growth (%)	Total Salaries (Includes Relief)	Year-Over-Year	Benefits	Year-Over-Year Growth (%)
2019-2020	\$5,132,484		\$112,044,939		\$25,027,879	
2020-2021	\$6,393,432	24.6%	\$115,718,378	3.3%	\$25,297,941	1.1%
2021-2022	\$8,166,870	27.7%	\$125,279,784	8.3%	\$26,966,306	6.6%
2022-2023	\$8,468,642	3.7%	\$133,010,543	6.2%	\$30,633,923	13.6%
2023-2024	\$10,606,103	25.2%	\$145,620,860	9.5%	\$32,387,745	5.7%

Within the relief costs category Teachers Teaching On Call (TTOCs) exceeded the Amended Annual Budget by \$2.311 million, Principal and Vice Principal sick leave by \$101,474 and Clerical support staff by \$159,950.

Employee Benefits

Employee benefits include the costs of programs such as extended health, dental insurance and life insurance, the costs of pension plans (Teachers' Pension and Municipal Pension Plans) as well as the cost of statutory deductions that all industries and employers are required to pay on behalf of their employees. Examples of statutory deductions include: Canada Pension Plan, Employment Insurance, WorkSafeBC premiums and Employers' Health Tax. Other benefits include group life and employee and family assistance program.

Compared to the 2022-2023 school year, employee benefits increased by \$1,753,822 due to additional employees, enrolling more employees in certain benefits in 2024, and the rising cost of benefit premiums. The following table is a detailed comparison of 2022-2023 versus 2023-2024 as well as a comparison to 2019-2020.

	2019-2020	2022-2023	2023-2024	Variance		Variance	
				2022-2023 to 2023-2024		2019-2020 to 2023-2024	
				\$	%	\$	%
FTE District Staff	1,582	1,711	1,747	36	2%	165	10%
Total Wages	\$112,044,939	\$133,010,543	\$145,620,860	\$12,610,317	9%	\$33,575,921	30%
Benefits Cost by Type of Benefit							
Statutory Deductions	9,026,999	12,253,686	13,679,227	1,425,541	12%	4,652,228	52%
Health and Dental	3,942,499	3,978,371	3,327,901	(650,470)	-16%	(614,598)	-16%
Pension Plans	11,721,132	14,145,174	15,105,071	959,897	7%	3,383,939	29%
Other Benefits	337,211	256,692	275,546	18,854	7%	(61,665)	-18%
Total Cost of Benefits	\$25,027,841	\$30,633,923	\$32,387,745	\$1,753,822	6%	\$7,359,904	29%

Since 2019-2020, salaries and wages have increased by 29.97%, or \$33.576 million, and benefits have increased over the same period by 29.41%, or \$7.360 million.

The annual benefit cost increases SD73 experiences each year is one area of our financial performance we have very limited control over. Rates for statutory deductions such as Canada Pension Plan, Employment Insurance, WorkSafeBC, and Employers Health Tax are set by external agencies and are paid by all employers in all industries. These statutory deductions on all salaries average \$11.05 for every \$100 in salaries. When high absenteeism leads to relief costs exceeding the Amended Annual Budget by \$2.309 million there is also an additional cost of required statutory deductions of \$255,139.

During the 2023-2024 school year, in order to manage the costs of benefits, the District used surplus funds held by its benefits carrier to reduce the cost of extended health and dental premiums. This surplus built up over time as a result of employees using their extended health and dental benefits less than premiums charged by the carrier. At the end of 2023-2024, the available surplus was fully used but may build up over time to be available for future school years.

To keep pace with these increased costs the District needs both regular, annual increases in the per FTE funding from the Ministry of Education and Child Care as well as a review of its Annual Budget for 2024-2025 to reallocate budgets from supplies and services to these high priority areas.

Please refer to Schedule 2B and 2C in the Audited Financial Statements for further information.

OPERATING FUND – SUPPLIES AND SERVICES

			Variance	
	2022-2023	2023-2024	2022-2023 to 2023-2024	
Supplies and Services				
Services	\$4,730,221	\$4,510,799	(\$219,422)	-5%
Student Transportation	363,836	484,740	120,904	33%
Professional Development and Travel	1,486,061	1,716,719	230,658	16%
Dues and Fees	99,921	122,380	22,459	22%
Insurance	617,371	619,443	2,072	0%
Supplies	11,833,920	12,887,043	1,053,123	9%
Utilities	3,625,544	3,389,051	(236,493)	-7%
Total Cost of Supplies and Services	\$22,756,874	\$23,730,175	\$973,301	4%

For the 2023-2024 school year, services and supplies for the District totaled \$23.730 million compared to \$22.757 million in 2022-2023. The \$973,301 overall increase was a result of continued cost escalations for classroom, custodial, maintenance and other supplies due to inflationary pressures and continued supply chain issues and product availability.

The greatest change in supply and services compared to the 2022-2023 school year was the increased expenses for Professional Development and Travel (\$230,658) for all school and district staff and Supplies (\$1,053,123).

Professional Development includes the costs of professional development and learning for all staff. Examples include the costs of replacement staff when teachers and principals attend professional learning sessions, the cost of curriculum development, and the costs of travel required to attend professional development sessions.

Within Supplies the District includes classroom supplies, custodial supplies, supplies required to maintain schools and facilities as well as the supplies required to run and maintain its fleet of school buses. The District experienced the continued impact of inflationary pressures with costs of supplies and shipping of those supplies putting increased strain on the Facilities Repairs and Maintenance and Student Transportation budgets.

Please refer to Schedule 2B and 2C in the Audited Financial Statements for further information.

OPERATING FUND – INTERNALLY RESTRICTED RESERVES

The District is maintaining reserve balances as per Board Policy 15 – Accumulated Operating Reserve Funds. The District’s Operating Reserve Funds are separated into two categories: Internally Restricted Reserve Funds and Unrestricted Reserve Funds. Internally Restricted Reserve Funds are specifically intended for expenditures based on specific criteria.

The Internally Restricted Reserve balances represent an accumulation of operating surpluses and deficits. The Board and senior administration enable departments and schools to carry forward unused budgets for

expenditures in a subsequent school year. The practice of carrying forward unspent budget dollars eliminates staff spending to the full extent of their budget by June 30th; which in turn, allows educators and managers to improve the efficient and effective use of funds as they proactively manage the District with a longer-term perspective.

Annually, in late August or early September, once the year-end operating results are known, the Audit Committee of the Board of Education reviews the Operating Reserve balances and makes recommendations on these Reserve Funds to ensure these funds are positioned to deliver on the District's Vision, Mission and Long-term Strategic Plan in support of our students. Based on that review, the Audit Committee makes a recommendation to the Board of Education for consideration and approval of the year-end balances in each of the operating reserves. These recommendations then come forward at a Public Board Meeting in September. At that meeting, the Board of Education has an opportunity to further discuss the reserve balance recommendations with the District's external auditors prior to finalizing and approving the reserve balances that will be included in the audited financial statements for the year just concluded.

Board approval is required to expend Unrestricted Operating Reserve funds. Once approval is granted, the funds move from the Unrestricted Reserve Fund to a Restricted Reserve Fund where the funds are held pending expenditure for their intended purpose.

At the conclusion of the 2023-2024 school year the District reported an Operating Fund Deficit of (\$98,218) before transfers of (\$1,959,942), which is an improvement from the 2022-2023 deficit of (\$1,075,939) before transfers of (\$2,050,400).

	Actual 2022-2023	Change	Actual 2023-2024
Operating Fund Deficit for the Year	(\$1,075,939)	\$977,721	(\$98,218)
Capital Transactions Paid from Operating Funds			
School Purchases of Capital Assets	-	(633,065)	(633,065)
Reduction of ARO Liability	(60,293)	7,555	(52,738)
	(1,136,232)	352,211	(784,021)
Transfer to Local Capital	(1,990,107)	715,968	(1,274,139)
Reduction in Internally Restricted Reserves	(\$3,126,339)	\$1,068,179	(\$2,058,160)

The Board of Education approved a transfer of \$1,274,139 of Operating Surplus to Local Capital and an overall reduction of Internally Restricted Reserve Funds of \$2,058,160. This reduction included the use of the Strategic Plan Refresh, a reduction to the Aboriginal Education Reserves and the Department Carry Forward.

Two additional reserves created for the June 30, 2024, fiscal year end were the Local Capital Deficit and Operating Deficit. An error in the financial projection process presented to the Board in May 2024 meant that a surplus intended to absorb overages in salaries, benefits, and supplies and services did not materialize and the District continued to spend based on the 2023-2024 Amended Annual Budget. The error gave the Board a false sense of the District's financial position and identifying this error sooner would have allowed District staff the opportunity to suggest alterations to the Board to adjust spending where possible with the intent to offset budgets that were tracking over, such as relief costs, benefits, and supplies. The result was that the District reported an Operating Fund deficit of \$784,021 after capital transactions, and a deficit of \$1,274,139 in Local Capital.

The creation of the two new reserves allowed the District to record the reduction in internally restricted reserves related to the error in the financial projection process as separate line items within the reserves. During the Fall of 2024, District staff brought forward a budget reduction plan to the Board for approval to repay those line items within two years.

Detailed explanations supporting the Operating Fund Reserve balances are contained in Note 13 of the Audited Financial Statements for the fiscal year ending June 30, 2024.

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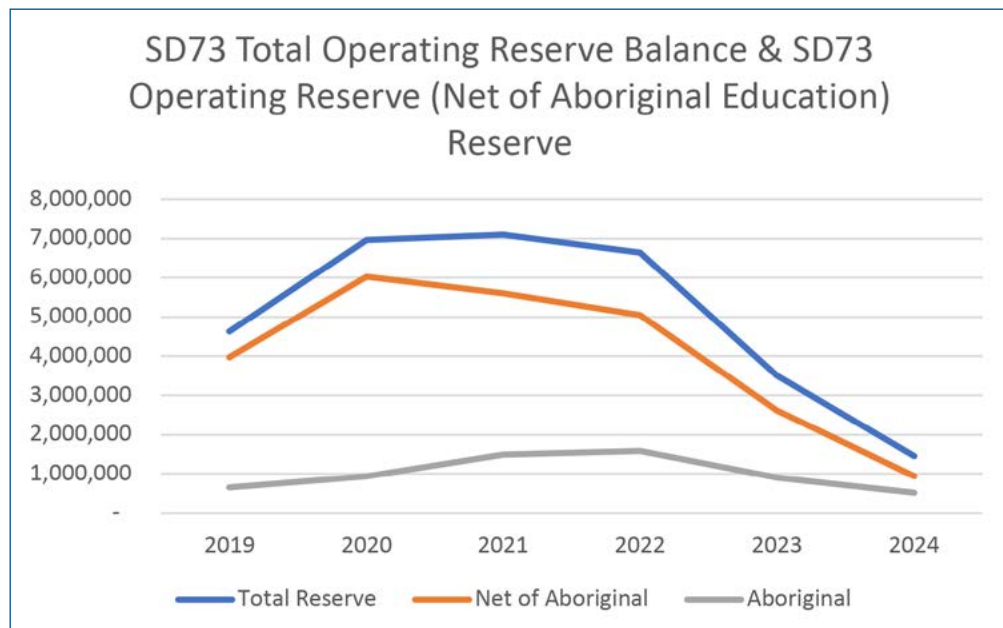
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Detailed explanations supporting the Operating Fund Reserve balances are contained in Note 13 of the Audited Financial Statements for the fiscal year ending June 30, 2024.

OPERATING FUND	Balance at June 30, 2023	Increase / (Decrease)	Balance at June 30, 2024
INTERNALLY RESTRICTED FUTURE SCHOOL YEARS			
Strategic Plan Refresh	\$16,600	(\$16,600)	\$ -
Future of Schools Project	66,500	-	66,500
Department	409,214	(207,738)	201,476
School Supply	1,435,429	65,511	1,500,940
CUPE3500 Job Evaluation	131,728	158,149	289,877
Staffing Pressures and Relief Costs	-	(1,274,139)	(1,274,139)
CUPE3500 Job Evaluation	-	(363,643)	(363,643)
	\$2,059,471	(\$1,638,460)	\$421,011
INTERNALLY RESTRICTED - FUNDS WITH CONSTRAINTS			
SD73BC Management Fee (2013-2018)	\$485,872	\$ -	\$485,872
Aboriginal Education	901,281	(387,529)	513,752
AFG Other	63,794	(32,171)	31,623
	\$1,450,947	(\$419,700)	\$1,031,247
Total Internally Restricted Operating Reserve:	\$3,510,418	(\$2,058,160)	\$1,452,258

Below is a graph that indicates the changes to the District's Operating Reserve Balances from 2019-2020 to 2023-2024.



SPECIAL PURPOSE FUND

Special Purpose Fund balances represent funding for specific programs. The majority of funding is provided by the Ministry of Education and Child Care for programs such as the Annual Facility Grant, Classroom Enhancement Fund (CEF), BC Tripartite Education Agreement (funding for First Nations Student Transportation), Mental Health in Schools, Support Staff Learning Improvement Fund, CommunityLINK, Early Learning programs, Official Languages in Education Protocol (OLEP), SetBC, and the Student and Family Affordability Fund. New for the 2023-2024 school year were the Feeding Futures School Foods Program, the Health Academy Grant, and the Copper Sunsetting grant.

Within the Special Purpose Fund, revenues match expenditures for the specific program. Unspent funds are carried forward and utilized for the intended purpose in future school years. Other Special Purpose Funds include School Generated Funds, Scholarships, and Contributor Restricted funds. See Schedule 3A in the audited financial statements for details on the various Special Purpose Funds. Below is a table that summarizes the Special Purpose Funds by Ministry, school and other.

	2022-2023	Increase / (Decrease)	Increase / (Decrease)	2023-2024
Ministry of Education and Child Care	\$1,590,186	\$22,396,038	(\$22,632,433)	\$1,353,791
School Generated Funds	3,227,268	5,595,228	(5,015,717)	3,806,779
Other Special Purpose Funds	1,786,890	687,172	(902,305)	1,571,757
	\$6,604,344	\$28,678,438	(\$28,550,455)	\$6,732,327

CAPITAL FUND

The Capital Fund is where the District records expenses of a capital nature. Expenses are considered capital when the asset purchased is expected to benefit the District for more than one school year.

Within the Capital Fund, the District receives funding from the Ministry of Education and Child Care for capital projects, other Provincial funding sources, including SkilledTradesBC, the Ministry of Children and Family Development, other non-Provincial funding sources, including the City of Kamloops, and purchases funded by the District through the Local Capital Fund.

Local Capital Reserve

The Local Capital Reserve Fund represents transfers of Accumulated Operating Fund Surpluses designated specifically to fund the purchase of Tangible Capital Assets (TCA). The Local Capital Reserve Fund is increased when the Board of Education approves, by motion, the transfer of operating surpluses to Local Capital. In addition, the Local Capital Fund balance increases when the District invests the cash associated with the Local Capital Fund balance in the Provincial Central Deposit Program.

The Operating Fund Reserve and the Local Capital Reserve Fund balances are reviewed annually by the District's Audit Committee who make recommendations to the Board of Education on the appropriate reserve balances for future operations and the anticipated funds required for the purchase of capital assets.

The Local Capital Reserve Fund is used to purchase portable classroom space, classroom furniture and equipment, maintenance equipment and vehicles, information technology equipment, custodial equipment, or small capital expenditures for schools not specifically funded by the Ministry of Education and Child Care within the Operating Fund or the Annual Facilities Grant. A purchase is considered capital if it benefits the District more than one school year.

The Local Capital Reserve Funds was under continued pressure in the 2023-2024 fiscal year with the required purchases of classroom furniture, computer software and hardware, maintenance vehicles, the final contribution towards the Valleyview Secondary expansion, and the purchase of additional portables not funded by the Ministry.

Below is a table providing the summary balances, revenues, transfers, and capital purchases for 2023-2024.

LOCAL CAPITAL RESERVE FUND	Balance at June 30, 2023	Balance at June 30, 2024
General Reserve, Beginning Balance	\$1,476,847	\$846,923
Interest Income	58,247	11,550
Transfer Re: Operating Surplus	2,089,446	1,274,139
Capital Purchases	(2,777,617)	(2,132,612)
Local Capital Reserve Fund, Ending Balance	\$846,923	\$ -

Due to the pressures on the Operating Fund and the resulting deficit there were no surplus funds available to transfer into Local Capital at the end of the year. The result is the Local Capital Reserve Fund is starting the 2024-2025 school year with no funds available and if purchases of portables, classroom furniture, or any computer hardware or software is required due to student enrolment growth the funds will have to be found through a reduction in supplies and services in the Operating Fund.



Ministry of Education and Child Care – Bylaw Capital

Funding is provided by the Ministry of Education and Child Care for the purchase or replacement of capital assets upon the Ministry's approval of specific projects from the District's submission of a Five-Year Annual Capital Plan. The Capital Plan may include site acquisitions, school expansions, bus acquisitions/replacements, school enhancement plans, playgrounds, carbon neutral capital programs, or new school projects.

Boards of Education are required to approve a Capital Bylaw when capital funding from the Ministry has been announced. The following table provides the details of the Bylaw Capital funding received along with the purchases of the capital assets with these funds.

MINISTRY OF EDUCATION AND CHILD CARE BYLAW CAPITAL FUND	2022-2023 Amount	2023-2024 Amount
Opening Balance, July 1	\$159,857	\$159,857
Revenue Received		
Annual Facilities Grant	3,004,000	3,561,376
Bus Acquisition Program	831,161	55,743
Carbon Neutral Program	303,227	-
Parkcrest Elementary School (Rebuild)	10,943,046	10,032,275
Playground Equipment Program	330,000	-
School Enhancement Program	385,404	1,622,039
Valleyview Secondary Expansion	2,484,799	-
Sníne Elementary School	258,074	6,077,467
Feeding Futures Infrastructure		150,000
Total Revenue Received	18,539,711	21,498,900
Purchase of Capital Assets		
Buildings	3,173,431	1,622,039
Buildings – Work in Progress		
Parkcrest Elementary School (Rebuild)	10,943,046	10,041,020
Sníne Elementary School	258,074	6,100,881
Furniture and Fixtures	315,704	166,437
Vehicles – Buses	845,456	-
AFG Repairs and Maintenance	3,004,000	3,446,463
Total Capital Assets Purchased	18,539,711	21,376,840
Total Bylaw Capital Reserve	\$159,857	\$281,917

Ministry of Education and Child Care – Restricted Capital

In accordance with section 100 of the School Act, Boards of Education who receive proceeds from the disposition of a capital asset must allocate a portion of the funds to local capital with the remaining portion allocated to the Ministry Restricted Capital Fund. Proceeds from the sale of land and/or building may be apportioned according to the original contributions of the property made by the Province and the Board of Education, respectively. Based on historical records, the Board of Education must determine how the proceeds should be allocated. In situations where it is not clearly defined as to the funding agreement between the District and the Province, the proceeds of the sale may be apportioned as 25% to District Local Capital Reserve Fund and 75% as Ministry Restricted Capital. Districts need to receive approval from the Minister of Education and Child Care to use Ministry Restricted Capital funds for capital projects. During the school year, the remaining funds within the Ministry Restricted Capital Fund, including interest earned, were used for the Valleyview Secondary Expansion as approved by the Ministry.

MINISTRY RESTRICTED CAPITAL	2022-2023 Amount	2023-2024 Amount
Opening Balance, July 1	\$1,632,844	\$136,084
Revenue Received		
Interest Income	19,830	3,109
Proceeds of Disposition	-	-
Total Revenue Received	19,830	3,109
Purchase of Capital Assets		
Buildings - Work in Progress	1,241,590	139,193
Site Purchases	275,000	-
Total Capital Assets Purchased	1,516,590	139,193
Total Ministry Restricted Capital Reserve	\$136,084	\$ -

Other Provincial Capital Fund

Other Provincial Capital is a Capital Reserve Fund representing grants and contributions received for specific programs from provincial ministries. This fund includes funding from the Ministry of Jobs, Tourism, and Skills Training (JTST), Skilled Trades BC (STBC) (previously the Industry Trades Authority (ITA)), Ministry of Children and Family Development (MCFD), and the Ministry of Education and Child Care (MECC).

JTST and STBC combined efforts to create a joint venture called Youth Trades Capital Equipment Program (YTCEP) which enables school districts to purchase trades training equipment needed to support the delivery of the STBC's Youth Trades Programs. JTST requested the Ministry of Education and Child Care (K-12 School Districts) assist by acting as the administrator of the YTCEP. Upon approval, the funds were provided to school districts directly by STBC.

Capital funding initially under an agreement with the Ministry of Children and Family Development, now under the Ministry of Education and Child Care has also been received through the ChildCareBC New Spaces Fund to increase child care spaces at a District owned facility. This joint venture will allow the operator to increase spaces.

The Ministry of Education and Child Care provided a capital fund to build 144 new child care spaces at two District owned properties. These buildings, completed in the 2023-2024 fiscal year, will be operated by a third-party to provide child care services to the community.

OTHER PROVINCIAL CAPITAL	2022-2023 Amount	2023-2024 Amount
Opening Balance, July 1	\$2,689,936	\$165,867
Revenue Received		
Ministry of Children and Child Care	340,213	3,513,066
Investment Income	38,150	-
Total Revenue Received	378,363	3,513,066
Purchase of Capital Assets		
Buildings	296,000	-
Furniture and Equipment	27,392	132,441
Buildings - Work in Progress	2,579,040	2,511,495
Total Capital Assets Purchased	2,902,432	2,643,936
Total Other Provincial Capital	\$165,867	\$1,034,997

Land Capital

Due to anticipated enrolment growth within the District, specifically in the southwest sector of the City of Kamloops, the Board of Education approved the implementation of a School Site Acquisition Charge (SSAC) on November 23, 2020. School Site Acquisition Charges assist in the partial payment of a new school site and are attached to new residential developments as a charge to the project. These funds are collected by the City of Kamloops and forwarded to the District on a quarterly basis.

LAND CAPITAL	2022-2023 Amount	2023-2024 Amount
Opening Balance, July 1	\$53,436	\$219,014
Revenue Received		
School Site Acquisition Charge	159,661	130,895
Interest Income	5,917	12,618
Total Revenue Received	165,578	143,513
Total Capital Assets Purchased	-	-
Total Land Capital Reserve	\$219,014	\$362,527

Other Capital Fund

The District's Other Capital Reserve Fund reports non-provincial funding received for capital purchases. Included in this reserve are funds received from the City of Kamloops and the District's print shop.

During the year the City of Kamloops contributed \$876,319 (2023 - \$1.164 million) towards a larger gymnasium at the new Parkcrest Elementary School as a part of the joint use agreement between the City and the District.

The District owns and operates an internal print shop whereby schools and district departments request graphic designs and print materials for their usage. The print shop operates on a cost-plus basis, saving a nominal amount for the purpose of replacing equipment when required.

OTHER CAPITAL	2022-2023 Amount	2023-2024 Amount
Opening Balance, July 1	\$135,102	\$69,150
Revenue Received		
City of Kamloops - Joint Use Contribution	1,164,530	876,319
Other Income	8,266	11,004
Interest Income	38,150	1,494
Total Revenue Received	1,210,946	888,817
Purchase of Capital Assets		
Furniture and Equipment	112,368	4,748
Parkcrest Elementary - Joint Use Contribution	1,164,530	876,319
Total Capital Assets Purchased	1,276,898	881,067
Total Other Capital Reserve	\$69,150	\$76,900

Further information is available in Schedule 4D and Notes to the 2023-2024 Audited Financial Statements.



Capital Assets

The following schedule summarizes the changes in Tangible Capital Assets for the year ended June 30, 2024. (Note 4 of the Audited Financial Statements contains a more detailed analysis of implications relating to the addition and/or the disposal of the District's assets.) The District's Capital Fund enabled the District to invest in capital to address aging facilities, new buildings and expansions, buses, District vehicles and planned equipment replacement.

Capital Assets in Millions of Dollars				
	Balance at June 30, 2023	Additions	Disposals	Balance a June 30, 2024
Sites	\$11,381	-	-	\$11,381
Buildings	189,931	8,283	-	198,214
Buildings - Work in Progress	18,627	19,530	(5,139)	33,018
Furniture & Equipment	15,578	885	(1,179)	15,284
Vehicles	11,373	148	(1,265)	10,256
Computer Software	350	21	(83)	288
Computer Hardware	3,447	632	(310)	3,769
Total	\$250,687	\$29,499	(\$7,976)	\$272,210

As indicated in the following chart, the District's major capital expenditures totaled \$27.174 million in 2023-2024. The projects outlined below were funded by capital grants received from the Ministry of Education and Child Care Bylaw Capital, School Enhancement Program, Carbon Neutral Program, and other Ministry capital programs along with funds from the District's Local Capital Reserve, and other Capital Reserve Funds.

CAPITAL ASSETS	Amount
Valleyview Secondary School Expansion	\$1,097,726
Parkcrest Elementary School Rebuild	10,917,339
Sníne Elementary School	6,100,881
Buildings and Portable Classroom Space	414,099
District and Classroom Furniture and Equipment	538,444
District and Classroom Information Technology Equipment	376,828
District Vehicle Replacement	148,334
Annual Facilities Grant - School Improvements	3,446,463
School Enhancement Projects - Boilers/HVAC Systems	1,622,039
Happyvale & Ralph Bell	2,511,495
	\$27,173,648

Conclusion

The District has reported an Operating Fund Deficit of (\$784,021) or 0.38% of total operating revenues as well as a deficit of (\$1,274,139) in Local Capital which is funded primarily through transfers from the District's Operating Fund.

The District has continued to experience increased absenteeism across most employee groups even after the end of the global pandemic. This has caused increased replacement costs, negatively impacting financial results. Due to this absenteeism combined with the associated benefits costs, the District's salaries and benefits costs exceeded the Amended Annual Budget.

Looking forward to the 2024-2025 school year, the District's staff will be implementing a budget reduction plan with a goal to repay the 2023-2024 Operating Fund and Local Capital Fund deficits related to the error in financial projection as well as to replenish the Internally Restricted Reserves and the Local Capital Fund balances.

The District will focus on ways to make sustainable budget adjustments that will allow the fund balances to be replenished while continuing to focus on the needs and adjustments described in the District Learning Plan as well as year three of the District Strategic Plan, working towards supporting learning opportunities and environments which inspire students to thrive.

Contacting the School District's Financial Management

This financial report is designed to provide the District's stakeholders with a general overview of the School District's finances and to demonstrate the District's accountability for the Provincial funding it receives. If you have questions about this report or need additional financial information, contact the Secretary-Treasurer's Office.

