



SCHOOL DISTRICT NO. 73
(Kamloops - Thompson)

FINANCIAL STATEMENT DISCUSSION & ANALYSIS REPORTING

For the Year Ended June 30, 2026

The following is a discussion and analysis of the School District's financial performance for the fiscal year which ended June 30, 2026. This report is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. The results of the 2025-2026 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 immediately follow this report.



LAND ACKNOWLEDGEMENT

We are grateful to be guests on the territory of seven Secwépemc First Nations: Sexqeltqin (Adams Lake Band), Simpcw, Sk'emtsin (Neskonlith Band), Skítsesten (Skeetchestn Band), Skwl̓x̓ te Secwepemcúlecw, Stílq̓w / Pelłtíq̓t (Whispering Pines / Clinton Band), and Tk'emlúps te Secwépemc.

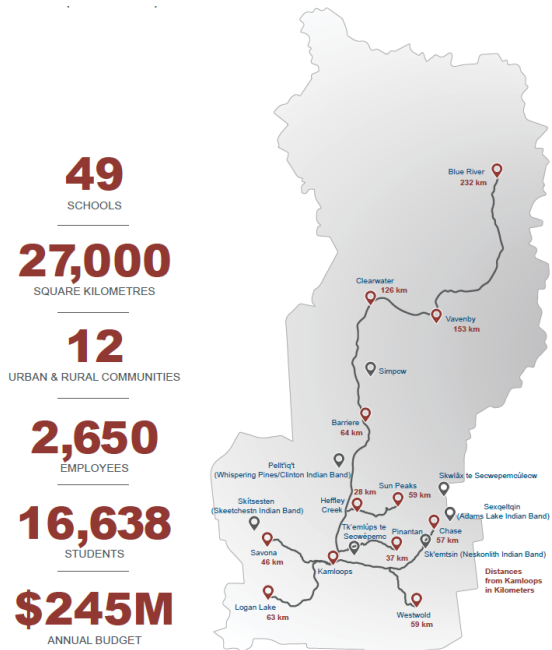
WHO WE ARE

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).

SD73 is the 12th largest district provincially. Our district has seen consistent growth in the past five years with that trend beginning to slow. Decreasing enrolment adds additional complexities as the district manages areas of over-utilization of school facilities against decreasing operating funding.

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 related to 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 Indigenous Education Council (IEC). Given the strength of the partnership between the IEC and the Kamloops-Thompson Board of Education, in 2021-2022, conversations with elders, knowledge keepers, families, the IEC, and representative focus groups from across the District about who we are resulted in the 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](#).

Over 2,000 students, parents, guardians, caregivers, staff, and community partners participated in iterative cycles about what we most valued for our students. Our District mission emerged: To support learning opportunities and environments that inspire students to thrive. A thematic analysis resulted in four key value commitments: relationships/connections, well-being, equity, and sustainability, and five priorities: Intellectual Development ~ Human and Social Development ~ Cultural and Identity Development ~ Career Development ~ Systems Development.

DISTRICT STRATEGIC PLAN



[2022-2027 District Strategic Plan](#), which emerged from consultation that started and ended with cycles of ongoing review with the Indigenous Education Council. We involved approximately 2,000 students, parents, guardians, caregivers, staff, and community partners and iteratively checked our understandings with the Indigenous Education Council. We started with the Indigenous Education Council because we sought to begin with an Indigenous conception of the plan for improvement, not to “Indigenize” it afterwards. **Our four value commitments:** connections/relationships, well-being, equity, sustainability are achieved by enacting the **Seven Grandfather Teachings**. **Our five priorities are:** Intellectual Development ~ Human and Social Development ~ Cultural and Identity Development ~ Career Development ~ Systems Development.

2025-2026 was the fourth year of living our

FINANCIAL HIGHLIGHTS

The 2025-26 school year was the fourth year of the District's five-year strategic plan, which guides the District's financial priorities. The District reported its progress made in the fourth year of the strategic plan in its [2025-26 District Learning Plan](#).

The District's financial statements are made up of three funds: the Operating Fund, Special Purpose Fund and the Capital Fund.

Fund:	Amended Budget Bylaw Amount	Actual Expenditures	Variance (\$) From Budget	Variance (%) From Budget	Reported On
Operating	\$212,484,600	\$ 204,834,743	\$ 7,649,857	3.60%	Schedule 2
Special Purpose	\$ 34,817,567	\$ 34,468,166	\$ 349,401	1.00%	Schedule 3
Capital	\$ 11,182,956	\$ 10,244,909	\$ 938,047	8.39%	Schedule 4
	\$258,485,123	\$ 249,547,818	\$ 8,937,305	3.46%	

OPERATING FUND

For the 2025-26 year, the District Operating Fund had a surplus of \$14,471,224 bringing the accumulated surplus to \$21,060,264. Highlights of the Operating Fund include:

• Revenues:	\$220.276m
• Salaries:	\$145.257m
• Benefits:	\$ 35.790m
• Supplies and Services:	\$ 23.787m
• Capital Purchases and Asset Retirement Obligation	\$ 0.970m

The accumulated surplus is divided into three categories: externally restricted, internally restricted and unrestricted reserves. After the current year surplus those category balances were as follows:

- Externally restricted \$ 2.229m
- Internally restricted \$ 11.757m
- Unrestricted reserves \$ 7.174m

SPECIAL PURPOSE FUND

The Special Purpose Fund received \$35.777m in grants and funding for specific purposes and \$34.596m was spent on salaries, benefits and supplies. The \$8.723m in unspent grants will be brought forward to 2026-27 to be used towards their intended purpose.

CAPITAL FUND

The District spent \$30.028m in 2025-26 on investments in capital assets, a \$8.369m decrease from the prior year. Capital projects included the continued building of the new Sníne Elementary School, school enhancement projects and the Annual Facilities Grant spending on buildings' repairs and maintenance.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position (SOFPI) reports the assets and liabilities of the District as of June 30, 2026 in all funds. The SOFP is made up of four main figures: financial assets; non-financial assets; liabilities and accumulated surplus.

- **Financial assets:** are assets that could be used to pay for existing liabilities or finance future operations and are not for consumption in the normal course of business.
- **Non-financial assets:** are assets that are normally for use in service provision and include capital assets (buildings, vehicles, computers, etc.) and prepaid expenses.
- **Liabilities:** are present obligations of the District arising from past transactions or events.
- **Accumulated surplus:** is calculated as the sum of the total assets less the liabilities of the District. This indicator represents the net assets of the District.

	2024-25	Increase / (Decrease)	2025-26
Financial Assets	\$ 56,239,846	\$ 14,762,453	\$ 71,002,299
Non-Financial Assets	\$ 166,291,765	\$ 18,809,451	\$ 185,101,216
Liabilities	\$ 186,937,626	\$ 18,342,184	\$ 205,279,810
Accumulated Surplus	\$ 35,593,985	\$ 15,229,720	\$ 50,823,705

The District has seen an increase in the overall accumulated surplus with an increase in non-financial assets and liabilities due to the capital project for the continued building of Sníne Elementary (non-financial asset) and the offsetting deferred capital revenue (liability).

FINANCIAL INDICATORS

Financial indicators, or ratios, review the District's financial health by looking at specific sections of the financial statements.

CURRENT (LIQUIDITY) RATIO

The liquidity ratio looks at the ratio of current financial assets to liabilities (excluding deferred capital revenue) to see if there are sufficient current assets on hand to meet current liabilities. A liquidity ratio greater than 1.0 means that sufficient current assets are on hand to meet these liabilities. SD73 has seen a consistent ratio above 1.0 over the past 3 years.

	SD73 2023-24	SD73 2024-25	SD73 2025-26
Current Assets			
<i>Cash and Equivalents</i>	29,730,356	44,342,612	62,338,529
<i>Accounts Receivable</i>	11,800,784	9,975,517	6,730,948
	41,531,140	54,318,129	69,069,477
Current Liabilities			
<i>Accounts Payable</i>	22,200,039	26,122,875	24,445,549
<i>Unearned Revenue</i>	3,902,292	4,245,766	4,972,911
<i>Deferred Revenue</i>	6,732,327	7,542,023	8,723,427
<i>Other Liabilities</i>	305,885	218,607	140,395
	33,140,543	38,129,271	38,282,282
Current (Liquidity) Ratio	1.253	1.425	1.804

OPERATING SURPLUS PERCENTAGE

The operating surplus percentage is an indicator of whether the District is spending more or less of its annual funding on the operations of SD73. Consistently spending more in a year than received can result in an annual deficit, and multiple years of spending more than being received can result in an accumulated operating deficit which is prohibited by the School Act. Operating surpluses of 2.49% (2024-25) and 7.06% (2025-26) indicate good performance compared to the provincial average.

	Provincial Comparison 2024-25	SD73 2024-25	SD73 2025-26
Operating Surplus After Transfers	153,499,628	5,136,782	14,471,224
Operating Expenditures	7,608,957,285	206,403,892	204,834,743
Surplus as % of Expenditures	2.02%	2.49%	7.06%

OPERATING FUND EXPENDITURES AS PERCENTAGE BY FUNCTION

Although all school districts are different it is useful to review the percentage of operating dollars spent on the four main functions of the District (Instruction, District Administration, Operations and Maintenance and Transportation). A 1% difference is approximately \$2.125m for SD73. The table below indicates:

- SD73 spends less on administration (the business functions of the District) than the provincial average.

- Due to the geographic size and rural location of schools, SD73 needs to spend more operating funds on operations, maintenance and transportation, leaving less to spend on instruction.

Functions as % of Operating Expenditures	Provincial Comparison 2024-25	SD73 2024-25	SD73 2025-26
Instruction	82.99%	80.90%	80.75%
District Administration	4.20%	3.19%	3.09%
Operations & Maintenance	10.97%	12.68%	13.03%
Transportation and Housing	1.84%	3.23%	3.13%

ACCUMULATED AMORTIZATION TO ASSETS

The Accumulated Amortization to Assets ratio is a financial measurement tool that calculates the age, value and remaining useful life of a fixed asset. A low ratio may indicate that the assets are at the beginning of their useful life (newer) where as a ratio of 1.0 indicates the assets have been fully amortized (are at the end of their useful life and may need replacement soon). Because the cost of the Valleyview expansion, rebuilding of Parkcrest and building of Snine Elementary have occurred recently the ratio for buildings and work in progress is skewed for higher costs of recent projects (those three recent projects are 38.73% or \$108.281m of the \$279.591m cost of buildings). Without them, the ratio for buildings increases from 0.452 to 0.716 indicating that the remainder of the buildings in SD73 are nearing the end of their useful lives. The ratios for furniture, equipment, vehicles and computers below suggest that the assets of the District are midway through their useful lives. Planning for the future needs of the District will be important as these assets continue to age.

Buildings and Work In Progress	Balance at June 30, 2023	Balance at June 30, 2024	Balance at June 30, 2025	Balance at June 30, 2026
Gross Assets	208,557,453	231,231,507	256,883,535	279,591,355
Accumulated Amortization	115,361,450	118,686,466	122,449,373	126,472,560
Ratio	0.553	0.513	0.477	0.452
Furniture, Equipment and Vehicles				
Gross Assets	26,951,834	25,540,372	23,217,722	23,162,330
Accumulated Amortization	14,046,857	14,226,693	13,179,125	12,496,428
Ratio	0.521	0.557	0.568	0.540
Computer Software and Hardware				
Gross Assets	3,796,979	4,057,014	3,340,869	2,909,205
Accumulated Amortization	1,873,877	2,266,428	1,940,108	1,590,696
Ratio	0.494	0.559	0.581	0.547

OPERATING FUND RESULTS

The Operating Fund reports the surplus or deficit from operations for the fiscal year through Schedule 2 of the audited financial statements. The fund is comprised of four components: revenues, expenses, transfers to other funds and the operating surplus or deficit.

The District's Operating Fund results were positively impacted in the 2025-26 school year by the approval of the 2025-26 Classroom Enhancement Fund submission (allowing expenses to be transferred to the Special Purpose Fund), higher than projected enrolments on the February student enrolment count and May student enrolment count, and the receipt of Labour Settlement Funding (for teachers, principals, vice-principals and exempt staff).

OPERATING FUND REVENUES

Within the Operating Fund, the District receives 93.85% of its revenue from the Ministry of Education and Child Care (MECC) through the per student, enrolment-based funding (2024-25 – 94.60%). Based on the District's student enrolments, each students' funding classifications and the current rates provided by the MECC, the District receives on average \$12,800 (2024-25 - \$12,297) per student Full Time Equivalent (FTE). Total Operating Fund Revenues increased by \$8.169m with \$6.092m of the increase coming from MECC.

The \$6.092m increase in the MECC operating grant from 2024-25 was a factor of an increase in per student rates and an increase in enrolment for students in classrooms and online compared to amended budget. MECC funding on a per FTE basis increased in the current year to \$9,015/FTE student (2024-25 - \$8,915/FTE student) and \$3.619m was received as Labour Settlement Funding to fund the increases for exempt staff and the negotiated collective agreement changes at the conclusion of bargaining with the British Columbia Teachers' Federation. In-class instruction (standard schools) enrolment decreased by 40.625 FTE, online (distributed) learning decreased by 140.875 FTE and home school enrolment increased by 5.000 FTE.

Total K-12 per FTE student enrolment in 2024-25 versus 2025-26:

	Actual 2024-25	Growth/ (Decline)	Actual 2025-26	% Change
Standard Schools	15,593.438	(40.625)	15,552.813	(0.26%)
Distributed Learning	599.688	(140.875)	458.813	(23.49%)
Home Schools	53.000	5.000	58.000	9.43%
	16,246.125	(176.500)	16,069.625	(1.09%)

The other significant increase was the insurance proceeds accrued to match the expenses related to the fire at Westmount Elementary. Damage caused by the fire in the Fall of 2025 resulted in remediation and repairs of approximately \$2.000m and resulted in the relocation of 240 students across three schools on the Kamloops North Shore. Repairs and remediation were completed quickly and students returned to the school after Spring Break 2026.

Summary Operating Results	2024-25	Change	2025-26	% Increase / (Decrease)
Revenues				
Ministry of Education and Child Care Operating Grant	\$200,647,430	6,092,167	\$206,739,597	3.04%
Provincial Grants - Other	277,183	2,021	279,204	0.73%
International Student Tuition	5,262,180	895,170	6,157,350	17.01%
Local Education Agreement	2,962,161	(119,223)	2,842,938	(4.02%)
Career Education	88,979	67,819	156,798	76.22%
Course Tuition	34,450	97,724	132,174	283.67%
Miscellaneous	544,074	(103,615)	440,459	(19.04%)
Parent Paid Child Care	188,532	20,735	209,267	11.00%
Student Paid Meals	193,711	66,585	260,296	34.37%
SD73 Business Company Management Fee	102,028	120,099	222,127	117.71%
SD73 Business Company Dividend	800,000	(800,000)	0	(100.00%)
Proceeds on Insurance Claim	0	1,788,967	1,788,967	
Rentals and Leases	217,998	(5,785)	212,213	(2.65%)
Investment Income	788,469	46,383	834,852	5.88%
Total Operating Revenue	\$212,107,195	\$8,169,047	\$220,276,242	3.85%

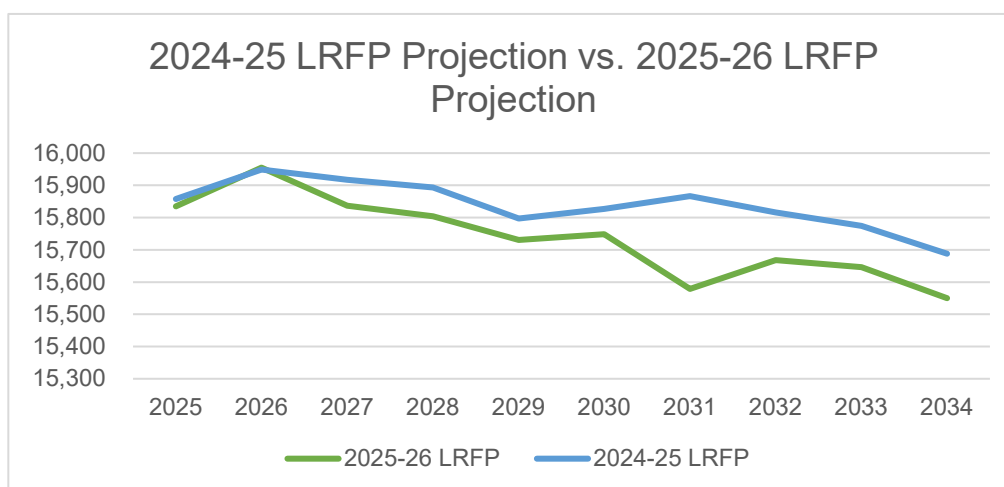
Please refer to Schedule 2A in the Audited Financial Statements for further information.

STUDENT ENROLMENT

Over the last five years the District has seen overall enrolment growth from 14,647 Kindergarten to Grade 12 students in the 2019-20 school year to 16,070 students in the 2025-26 school year. However, in the 2025-26 school year the District saw a slight decrease in standard school students which aligned with projections outlined in the District's Long-Range Facilities Plan (LRFP).

The District's LRFP is based on student headcount for building capacity utilization purposes and not the full-time equivalent used for budgeting and funding. The LRFP is continuing to project overall enrolment decline in the next ten years due to decreased housing developments in the Kamloops-Thompson area as well as a decrease in birth rates.

Decreasing enrolment will add additional complexities in future years as the District balances the costs of providing educational opportunities for students to thrive while receiving decreased operating revenues from the Ministry of Education and Child Care.



OPERATING FUND SALARIES AND BENEFITS

Over 88% of the total Operating Fund expenditures are used to fund salaries and employee benefits. Salary costs for the District's staff includes teachers, principals and vice-principals, certified education assistants, bus drivers, custodians, Indigenous education workers, other support staff, relief staff and exempt staff.

The District's salaries and benefits were 1.71% below the Amended Annual Budget due to vacancies in Certified Education Assistants, Support Staff and Other Professionals (Exempt) staff as well as Relief costs showing the positive impact of the District's attendance awareness and support program.

	2025-26			2024-25
	Amended Annual Budget	Salary Costs (\$)	% of Amended Budget	Salary Costs (\$)
Teachers	81,477,000	82,311,960	101.02%	83,892,011
Principals and Vice Principals	13,025,000	13,002,017	99.82%	12,797,911
Certified Education Assistants	12,300,000	11,537,941	93.80%	11,288,811
Support Staff	22,363,100	21,250,859	95.03%	24,229,006
Other Professionals	5,940,000	5,580,238	93.94%	5,601,107
Substitutes (Relief) Staff	12,800,000	11,573,848	90.42%	11,249,829
Employee Benefits	36,300,000	35,790,417	98.60%	36,134,199
	\$184,205,100	\$181,047,280	98.29%	\$185,192,874

Increased absenteeism over the last seven years has caused relief costs to more than double over the same period of time. Although the costs of relief staff did not grow as significantly in 2025-26, they continued to increase faster than the Ministry's per student funding rate increases. The costs of relief staff growing faster than increases in the per FTE funding result in reduced budgets available to fund salaries, benefits, supplies and services of the District.

	Relief Costs (\$)	% Change from 2019-20	Ministry Per FTE Standard Grant	% Change from 2019-20
2025-26	11,573,848	225.50%	9,015	120.72%
2024-25	11,249,829	219.19%	8,915	119.38%
2023-24	10,606,103	206.65%	8,625	115.49%
2022-23	8,468,642	165.00%	7,885	105.58%
2021-22	8,166,870	159.12%	7,885	105.58%
2020-21	6,393,432	124.57%	7,560	101.23%
2019-20	5,132,484	100.00%	7,468	100.00%

OPERATING FUND SUPPLIES AND SERVICES

Supplies and services for the District represent the remaining 12% of the District's spending from the Operating Fund. These supplies and services include the costs to maintain facilities and transport students, utilities costs to operate schools and the costs of supplies for schools, classrooms and administration to function efficiently.

Expense by Object	2025-26			2024-25
	Amended Annual Budget	Actual Costs (\$)	% of Amended Budget	Actual Costs
Services	5,725,800	7,292,486	127.36%	5,018,426
Student Transportation	393,100	339,002	86.24%	404,824
Professional Development and Travel	1,398,900	1,185,426	84.74%	1,111,637
Dues and Fees	107,750	133,239	123.66%	131,819
Insurance	695,000	635,777	91.48%	762,999
Supplies	15,848,950	10,594,424	66.85%	10,099,625
Utilities	4,110,000	3,607,109	87.76%	3,681,688
	\$28,279,500	\$23,787,463	84.12%	\$21,211,018

Expenditures on supplies and services are detailed in Schedule 2B and Schedule 2C of the Audited Financial Statements.

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

RESERVES – OPERATING FUND

Below is a table summarizing the 2025-26 compared to the 2024-25 Operating Fund results. Operating Fund revenues exceeding the Amended Annual Budget and salaries, benefits, supplies and services being below the Amended Annual Budget has resulted in a \$14.471m surplus. This surplus represents the change in the Accumulated Operating Surplus.

Summary Operating Results	2024-25	Change	% Increase / (Decrease)	2025-26
Revenues	212,107,195	8,169,047	3.85%	220,276,242
Wages	149,058,675	(3,801,812)	(2.55%)	145,256,863
Benefits	36,134,199	(343,782)	(0.95%)	35,790,417
Expenses	21,211,018	2,576,445	12.15%	23,787,463
Surplus Before Transfers	\$5,703,303	\$9,738,196		\$15,441,499
Required Transfers				
School Purchases of Capital Assets	(\$542,526)	(405,015)		(\$947,541)
Remediation of Asbestos	(\$23,995)	1,261		(\$22,734)
Total Operating Surplus (Deficit), for the year	\$5,136,782			\$14,471,224
Surplus as a % of Expenditures	2.49%			7.06%

The District maintains its reserve balances as per Board Policy 15 – Accumulated Operating Reserve Funds. The District's Operating Reserve Funds are separated into three categories: Externally Restricted Reserve Funds, Internally Restricted Reserve Funds and Unrestricted Reserve Funds.

	Balance at June 30, 2025	Increases / (Decreases) 2025-26	Balance at June 30, 2026
OPERATING FUND			
INTERNALLY RESTRICTED OPERATING RESERVE			
Capital Planning and Community Engagement	66,500	30,000	96,500
Department Carry Forward	461,901	1,140,321	1,602,222
District Strategic Plan Refresh		100,000	100,000
Energy Efficiency Rebates	31,623	(9,280)	22,343
Enterprise Resource Planning Software Replacement		2,500,000	2,500,000
Records Management, Governance and Workflow		500,000	500,000
School and District Technology Replacements		500,000	500,000
School Supply Carry Forward	1,317,936	116,370	1,434,306
SD73 Business Co. Management Fee (2013-18)	485,872	-	485,872
Staffing Contingency	253,710	762,290	1,016,000
Student Learning Initiatives		3,000,000	3,000,000
Student Financial Assistance		500,000	500,000
	2,617,542	9,139,701	11,757,243
EXTERNALLY RESTRICTED OPERATING RESERVE			
CUPE 3500 - Job Evaluation	495,467	205,590	701,057
Indigenous Education Targeted Funds	1,117,676	250,477	1,368,153
Indigenous Education Council Admin Grant	75,407	84,286	159,693
	1,688,550	540,353	2,228,903
UNRESTRICTED OPERATING SURPLUS			
Operating Contingency	2,282,948	4,091,590	6,374,538
Unrestricted Operating Surplus	-	699,580	699,580
	2,282,948	4,791,170	7,074,118
TOTAL ACCUMULATED OPERATING SURPLUS	6,589,040	14,471,224	21,060,264

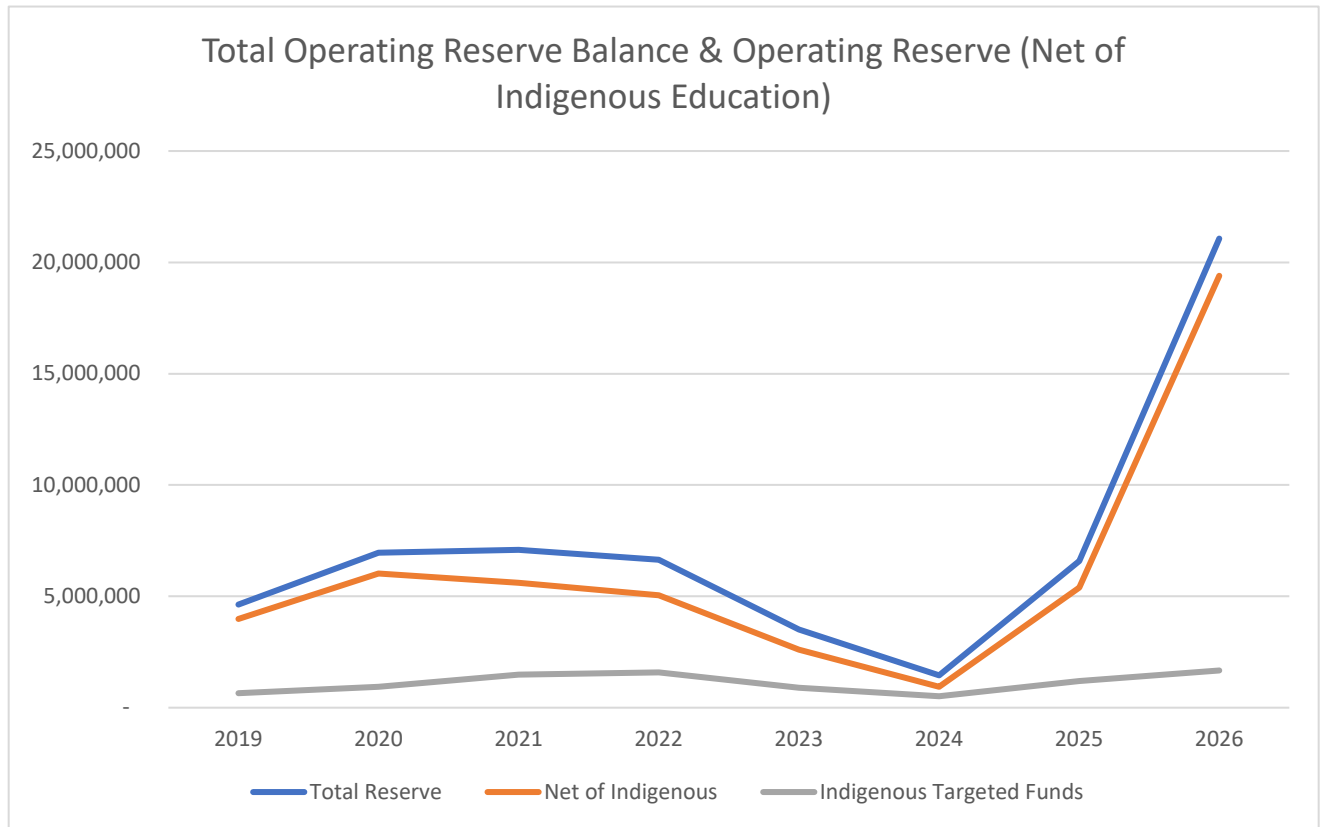
Externally Restricted Reserve balances are unspent funds with stipulations placed on them by the funder to be used for a specific purpose. These funds are carried forward until spending on the purpose of the funds has occurred.

The Internally Restricted Reserve balances represent the unused budgets of departments and schools, allowed to be carried forward to the 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.

Unrestricted Reserve Funds represent the accumulated operating surplus available to the District in the event of an unplanned financial cost such as an emergency repair or an unforeseen rise in expenses. Under Board Policy 15 the Board's contingency should be 3% of operating fund expenditures, approximately \$6.375m. The Board has been budgeting modest surpluses in the 2025-26 Amended Annual Budget and the 2025-26 Annual Budget with the goal of re-establishing the contingency to the 3% level in a slow and measured approach. Given the current year's Operating Fund surplus above budgeted amounts the Operating Fund contingency has reached 3% in accordance with Board Policy.

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, 2026.

Below is a graph that tracks the changes to the District's Operating Reserve Balances from 2019-2020 to 2025-26.



SPECIAL PURPOSE FUND RESULTS

RESERVES – 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 Feeding Futures School Foods Program and the National School Foods Program.

Within the Special Purpose Fund, revenues match expenditures for the specific program. Unspent funds are carried forward or “deferred” 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’ reserve or deferral to future years by Ministry, School and Other.

	2024-25	Funding Received	Expenses	2025-26
Ministry of Education and Child Care	1,594,518	28,721,653	(28,099,625)	2,216,546
School Generated Funds	4,198,089	5,993,589	(5,694,094)	4,497,584
Other Special Purpose Funds	1,749,416	1,062,241	(802,360)	2,009,297
	7,542,023	35,777,483	(34,596,079)	8,723,427

The following table shows the deferred revenues (unspent closing balances) for significant Special Purpose Funds, as well as a description of their purposes:

Fund Name	Source	Purpose of Fund	2025-26 Closing Balance
Annual Facilities Grant	MECC	Projects required to maintain facility assets through their anticipated economic life and to prevent premature deterioration of these assets	162,786
Scholarships and Bursaries	Other and Investment Income	Collected from donors and awarded to students within the District	135,284
School Generated Funds	Other Income	School-based funds obtained through fundraising activities, student fees or donations; held at the school level for use by the school	4,497,584
CommunityLINK	MECC	Funding to support the academic achievement of vulnerable students through knowledge and nutrition	235,226
Classroom Enhancement Fund - Overhead, Staffing and Remedies	MECC	Teacher staffing and overhead costs from the restoration of class size and composition teacher collective agreement language in 2017	-
First Nation Student Transportation	MECC	Funding to support Indigenous students' transportation to school and extra-curricular activities	77,380
Mental Health in Schools	MECC	Funding to support mental health and well-being in school communities	47,757
Early Care & Learning	MECC	Funding to assist the Ministry in establishing an integrated early learning and child care system	350,000
Feeding Futures	MECC	Funding to increase food security for students by expanding or creating school food programs	460,357
Professional Learning Grant	MECC	Funding to provide professional learning for teachers and support staff in the areas of evidence-based approaches to literacy development and literacy information/resources for parents and caregivers	168,682
National School Food Program	MECC	Funding to increase food security for students by expanding school food programs via the federal government's National School Food Policy	493,915
Contributor Restricted	Other Income	Restricted grant funding to support SD73 through various initiatives and programs	1,874,013
Other MECC Grants	MECC	Various Ministry funded programs and initiatives. Please see Schedule 3A of the Audited Financial Statements for details.	220,443
Total Deferred Special Purpose Revenue:			8,723,427

CAPITAL FUND RESULTS

RESERVES – LOCAL CAPITAL

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 through interest income, the sale of district owned land and property or by a decision recommended by the Audit Committee and approved by the Board of Education to transfer Operating Fund surplus into Local Capital.

The Operating Fund Reserve and the Local Capital Reserve Fund balances are reviewed annually by the District's Audit Committee that then makes 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.

Due to the sale of the Little Fort Elementary, Sa-Hali Park and Parkcrest Park properties in 2025-26 the District realized 50% of the proceeds as an increase in Local Capital with the written permission of the Ministry of Education and Child Care. These funds will remain available to the Board of Education for contributions towards future capital projects.

MINISTRY OF EDUCATION AND CHILD CARE – BYLAW CAPITAL

Funding is provided by the Ministry of Education and Child Care for the construction, purchase or replacement of capital assets upon the Ministry's approval of specific projects from the District's submission of an annual 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 made with these funds.

MINISTRY BYLAW CAPITAL FUND	2024-25	2025-26
Opening Balance, July 1	281,917	550,647
Revenue Received		
Sníne Elementary	22,770,608	20,711,727
Purchase of Secondary Site - Aberdeen	7,358,148	-
Annual Facilities Grant	3,585,567	4,223,852
Bus Acquisition Program	776,004	2,053,456
Parkcrest Elementary School (Rebuild)	833,573	-
School Enhancement Program	2,246,374	2,017,866
Feeding Futures Infrastructure		100,000
Total Revenue Received	37,570,274	29,106,901
Purchase of Capital Assets		
Future School Sites	7,358,148	-
Buildings	2,243,026	2,096,094
Buildings - Work in Progress	23,309,446	20,711,727
Furniture and Equipment	-	100,000
Vehicles - Buses	776,004	2,046,268
AFG Repairs and Maintenance	3,614,920	3,731,024
Total Capital Assets Purchased	37,301,544	28,685,113
Total Bylaw Capital Reserve	550,647	972,435

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 buildings 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 2025-26 year, 50% of the proceeds for the Little Fort Elementary, Sa-Hali Park and Parkcrest Park properties were allocated to the Ministry Restricted Capital Fund.

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) and 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).

The Ministry of Jobs, Tourism and Skills Training (JTST) and Skilled Trades BC (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 under an agreement with the Ministry of Education and Child Care was also received through the ChildCareBC New Spaces Fund to increase child care spaces at two District owned facilities, operated by third parties. This joint venture will allow the operators to increase spaces. In 2025-26 unused capital funds relating to the child care spaces at the rebuilt Parkcrest Elementary were not needed to complete the project and were returned to the Ministry of Education and Child Care.

OTHER PROVINCIAL CAPITAL	2024-25	2025-26
Opening Balance, July 1	1,034,997	3,579,045
Revenue Received		
Ministry of Education and Child Care	2,738,304	(3,339,997)
Interest Income	-	23,274
Total Revenue Received (Recovered)	2,738,304	(3,316,723)
Purchase of Capital Assets		
Buildings	-	
Furniture and Equipment	194,256	262,322
Buildings - Work in Progress	-	-
Total Capital Assets Purchased	194,256	262,322
Total Other Provincial Capital	3,579,045	-

LAND CAPITAL

Due to previously anticipated enrolment growth within the District, specifically in the southwest sector of the City of Kamloops, the Board of Education, on November 23, 2020, approved the implementation of a School Site Acquisition Charge (SSAC). The SSAC is meant assist in the purchase of new school sites and the charge is recovered from developers of new residential development projects. These funds are collected by the City of Kamloops and forwarded to the District on a quarterly basis.

LAND CAPITAL	2024-25	2025-26
Opening Balance, July 1	362,527	223,921
Revenue Received		
School Site Acquisition Charge	104,758	33,115
Interest Income	15,170	5,886
Total Revenue Received	119,928	39,001
Total Capital Assets Purchased	258,534	-
Total Land Capital Reserve	223,921	262,922

During the 2024-25 school year, the District used a portion of these funds (\$258,534) towards its contribution for the purchase of a future school site in Aberdeen. This contribution augmented the MECC Bylaw Capital Revenue received.

School Site Acquisition rates are calculated based on enrolment growth and as enrolment growth stops or begins to decline, as in 2025-26, the rate reduces to zero.

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.

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 purposes of replacing equipment when required.

OTHER CAPITAL	2024-25	2025-26
Opening Balance, July 1	76,900	86,937
Revenue Received		
City of Kamloops - Joint Use Agreement	99,556	-
Other Income	10,037	10,858
Interest Income	-	1,123
Total Revenue Received	109,593	11,981
Purchase of Capital Assets		
Furniture and Equipment	-	-
Parkcrest Elementary - Joint Use	99,556	-
Total Capital Assets Purchased	99,556	-
Total Other Capital Reserve	86,937	98,918

Further information is available in Schedule 4D.

CAPITAL ASSETS

The following schedule summarizes the changes in Tangible Capital Assets for the year ended June 30, 2026. (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.

Tangible Capital Assets (in 1,000's)				
	Balance at June 30, 2025	Additions	Disposals	Balance at June 30, 2026
Sites	18,998			18,998
Buildings	227,902	2,096	(100)	229,898
Buildings - Work In Progress	28,981	20,712		49,693
Furniture and Equipment	14,510	839	(2,646)	12,703
Vehicles	8,708	2,107	(355)	10,460
Computer Software	205	45	(71)	179
Computer Hardware	3,137	497	(904)	2,730
				-
Total	302,441	26,296	(4,076)	324,661

As indicated in the following chart, the District major capital expenditures totaled \$30.028m (2024-25 - \$38.945m). 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 other Capital Reserve Funds.

CAPITAL ASSETS	2024-25	2025-26
Parkcrest Elementary School Rebuild	786,590	-
Snine Elementary School	22,622,412	20,711,727
Future School Site in Aberdeen	7,616,682	-
Buildings and Portable Classroom Space	-	-
Furniture and Equipment	386,818	653,144
Information Technology Hardware and Software	349,964	542,755
Vehicle Replacement	776,004	2,107,413
Annual Facilities Grant - School Improvements	3,614,920	3,731,024
School Enhancement Projects - Boilers/HVAC Systems	2,243,026	2,096,094
Child Care Capital Funding	-	185,751
	38,396,416	30,027,908

CONCLUSION

The District has reported an Operating Fund Surplus of \$14,471,224 or 6.57% of total operating revenues which has allowed it to replenish its Operating Surplus Contingency to \$6.375m or 3.00% of Operating Fund expenses.

This contingency and future contributions to it will allow the District to face unanticipated financial risks going forward. Known financial risks that could negatively affect the District include:

- **Enrolment** – 96.3% of the District's Operating Fund revenues for 2025-26 are dependent on student enrolment and classifications. Decreases in enrolment would result in revenues below budget.
- **Classroom capacity** – Although longer-term enrolment forecasts are indicating decreasing enrolments the District still has capacity issues at many of its schools. These space constraints may require installation of portables for classroom space which can come at a significant financial cost.
- **Staff benefit rates** – Benefit rates are affected by useage by staff and by the Provincially negotiated coverage levels agreed to during collective bargaining. Increased useage supports staff wellness but can result in higher premiums for the District.
- **Replacement (Relief) Costs** – Replacement costs, the cost of replacing a classroom teacher or a certified education assistant (CEA) for example, can result from illness or other leaves. Increased absences by employees can increase replacement costs, negatively impacting the District's budget.
- **Salary differential** – \$4.988m, approximately 2.4%, of the District's Operating Funding is dependent on the supplement for salary differential which is calculated by the Ministry based on the province's average teacher salary. Decreasing average salary costs with the retirement of experienced teachers at the top of their salary grid and replacing them with new teachers at the beginning of their careers could put SD73 below the provincial average which would negatively impact this funding.

Looking forward to the 2026-27 school year, the District's staff will continue to bring a renewed focus on financial measures including the operating fund surplus, the operating fund contingency and a longer term multi-year budget. This will allow the District to be proactive in addressing future financial risks and continuity of service levels.

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.