

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS REPORTING | For the Year Ended June 30, 2021.



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, 2021. This section of the report is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. The results of the current 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.



# Acknowledgement

*Secwepemcúl'ecw yi7élye ell, re tmicws re Secwepemc n7élye.*

School District No. 73 (Kamloops-Thompson) acknowledges that we reside in Secwepemcúl'ecw and recognizes that the Secwepemc people are the keepers of their traditions and knowledge.

## About School District No. 73 (Kamloops-Thompson)

Located in south central BC, School District No.73 (Kamloops-Thompson) operates 45 schools in the communities of Blue River, Vavenby, Clearwater, Barriere, Sun Peaks, Chase, Westwold, Savona, Logan Lake, and Kamloops with the majority of the students living in the city of Kamloops.

The District resides within the territories of seven bands or First Nations: Tk'emlups te Secwepemc, Skeetchestn Band, Whispering Pines/Clinton Indian Band, Simpcw First Nation, Neskonlith Band, Adams Lake Band, and Little Shuswap Lake Band.

Employing 2,052 staff in full-time and part-time positions, the District has an annual operating, capital, and special purpose budget totaling approximately \$204.9 million. Governed by a Board of Education, the nine elected trustees include five from Kamloops and four from the rural communities of the District.

The 2019-2020 school year was met with extraordinary events starting on September 5, two days into the school year, with a devastating fire that destroyed Parkcrest Elementary School in a matter of hours, displacing 350 students and staff. Educational programming was quickly restored 16 days later at a nearby school that had been renovated for our Four Directions program and Twin Rivers Education Centre, which operates an alternative high school program. These two district programs were also displaced to accommodate the Parkcrest elementary students.

A few months later, on March 17, 2020, as students and staff were set to return from Spring Break, a provincial emergency was declared due a global pandemic and schools were closed for in-class instruction. On June 1, 2020 schools re-opened on a voluntary, part-time basis for in-class instruction or continuation of their online learning program from home.

The 2020-2021 school year similarly began with uncertainty as to the continued and unanticipated effects of the global pandemic. School Administrators returned to their schools earlier than expected to reconstruct timetables (semester to quarter system), redesign recess and lunch schedules ensuring the health and safety guidelines required from the Ministry of Education were adhered to. Cohort learning groups, masks, barriers, hand sanitizer, and frequent high-touch surface cleaning soon became the normal in the every-day routine of District and classroom experiences.

Given the uncertainty of COVID-19, parents and guardians were given the option to enrol their students in homeschool and online learning while holding their spot at their neighbourhood school or school of choice. This option was made possible with one-time funding provided from the Provincial and Federal Governments through the Ministry of Education.

These unprecedented events of the 2020-2021 school year were met with extraordinary levels of effort across the Province's twelfth largest school district. The ongoing effects of the pandemic demanded immediate, coordinated, and ongoing response by administration and staff that service nearly 15,000 K-12 students in a geographical area greater than 26,000 sq. km. Due to the efforts of staff focused on the global pandemic, a number of budgets remained underspent at June 30, 2021 which again created a larger than normal operating surplus. The following pages provide specific reasons for the 2021 Operating Fund Surplus.

Student Population Rural and Kamloops	Schools	2020-2021 Students	Average Student Population
<b>Elementary-Rural</b>	9	1,032.0	114.7
<b>Elementary-Kamloops</b>	24	7,565.0	315.3
<b>Total Elementary</b>	33	8,597.0	260.6
<b>Secondary-Rural</b>	4	741.0	185.3
<b>Secondary-Kamloops</b>	8	5,311.0	663.9
<b>Total Secondary</b>	12	6,052.0	504.4
<b>Total Schools &amp; Students</b>	45	14,649.0	325.5

# Mission / Vision / Goals – Strategic Plan

Our educators are skilled and students are performing well on provincial assessments, but the world is changing and we need to make sure students have the skills to succeed in the 21st century. Dynamic organizations are driven by practices that challenge all to learn, work and lead in new ways.

## Vision

To be a dynamic school district achieving success for all students through a commitment to equity and excellence.

## Mission

We connect each student to their future by transforming the way all partners collaborate to create relevant, innovative and inclusive learning environments.

## Theory of action

Success for each student will be achieved by focusing on relevant learning, organizational and instructional innovation, meaningful collaboration with all partners, and fostering an inclusive culture that values diversity.

## District Strategic Priorities

The financial statements outlined in this discussion report support the six priorities set out in the District's Strategic Plan, which are to:

- Ensure every student acquires strong foundational skills and core competencies
- Connect students to their passions and interests
- Honour the First Peoples' principles of learning and Aboriginal worldview and perspectives
- Foster an inclusive, adaptable and accountable district culture
- Strengthen partnerships to enrich the way we lead, learn and work
- Ensure the sustainable use of our resources

# Academic Achievement for the Year



The BC Ministry of Education's Framework for Enhancing Student Learning is the foundation for our District Strategic Plan and our District Learning Plan results report. In recognition of the components of the Educated Citizen, the new reporting format includes the Ministry of Education's three goals: Intellectual Development, Human and Social Development, and Career Development.

Intellectual development measures the foundational skills of literacy and numeracy. SD73 has consistently been at or above the provincial average for the past several years. The FSA was redeveloped for the 2017 – 2018 school year and, at this point, we have four years of data to inform how our students are performing. Results for the 2020 - 2021 showed improvement in grade 4 reading and numeracy as well as grade 7 numeracy. SD73 will continue to focus on numeracy as well as grade 7 reading which improved, but only slightly. Sub-populations of learners such as Aboriginal students and students with disabilities or diverse abilities will remain a focus. Aboriginal students are not yet at parity with all learners in SD73 even though they outperform their provincial peers on the FSA.

At the secondary level, literacy and numeracy levels are measured through grade 10 provincial assessments. Our most current data, which is from 2019-2020, indicates the District results are higher on the literacy provincial assessment than the numeracy provincial assessments overall. The participation rates on the graduation assessments have been impacted by school interruptions due to the pandemic.

Another measure of Intellectual Development is grade-to-grade transition. In the released 2019-2020 data from the Ministry of Education, SD73 had a transition rate of 93% between the grades of 11 and 12 and 86% for Indigenous students which indicates that there is still more work to be done to achieve parity.

The second goal of the Educated Citizen is Human and Social Development. To measure achievement, this goal focuses on students feeling welcome, safe, and connected to school. SD73 falls within the provincial averages, although the data indicates a greater degree of adult-student connectedness for grades 3/4 and 12 when compared to grades 7 and 10. While this is not surprising, it is indicative that

there is room to create stronger connections with students in the upper intermediate/early secondary student cohorts.

Career Development measures student graduation rates and core competencies focused on the achievement of career and life goals. The new Enhancing Student Learning Reporting Order requires districts to report on 5-year graduation rates; however, it is important to note the variance between the 5-year and 6-year rates emphasizes the need to report both data sets as not all students who are successful can be measured on a shortened timeline. The 6-year resident rate for SD73 is 92% which surpasses the provincial average of 90%. A focus on supporting our Aboriginal learners and participation in the Equity in Action provincial program has offered significant results as the 6-year Aboriginal completion rate for SD73 is 79%, which is considerably higher than the provincial rate for Aboriginal learners at 71%. While SD73 Aboriginal students are not yet at parity with non-Aboriginal students, the gap is closing.

School District No. 73 strongly supports students' Career Development. In 2020-2021, 8% of grade 12's, 6% of grade 11's, and 2% of grade 10 students were enrolled in District Trades and Transitions programs (Youth Train in Trades; Youth Explore Trades Sampler, Digital Arts Technology Academy and University TRU-Start programs), totalling 189 students. A further 187 grades 11 and 12 students were enrolled in Youth Work in Trades (formerly known as Secondary School Apprenticeship). Since 2016-2017, enrolment in Youth Work in Trades has increased by 220% with SD73 earning the ITA Regional Performance Award recognition for Youth Work in Trades in 2018 and 2020. In all District Career Development programs, SD73 students experience very high completion rates.

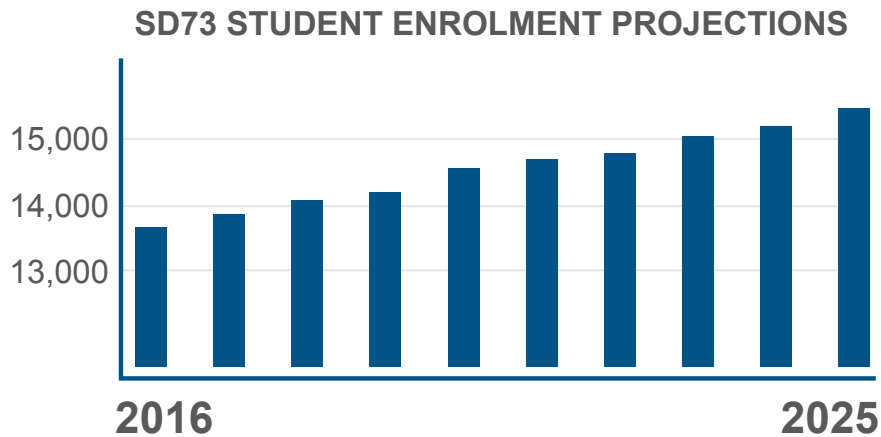
The successes noted above would not have been achievable without a focus on supporting the 18.6% of our students who self-identify as Aboriginal learners. Student participation rates in cross-cultural activities with a particular focus on Aboriginal culture, history and current issues as well as a marked increase in the past three years of Aboriginal parent engagement are undoubtedly significant factors in our strong achievement. When combined with strong classroom practices that include Aboriginal ways of knowing and doing with the support of our Aboriginal community, our students are better positioned for ongoing success.

Our collective focus on equity and excellence has been the basis of our sustained success. Throughout the 2019 – 2020 school year, we focused on continuous improvement in literacy, numeracy, social-emotional development, and career aspirations and transitions. Improvement in student learning and achievement is dependent on staff learning, and we are proud of the in-depth professional learning that has ensured that we know our students by name and need, and that we provide differentiated interventions to enable every student to reach their potential.

Educational decisions include how we allocate resources to meet the needs of all students. Careful budgeting that is aligned to support our students has allowed SD73 to move student learning forward. We celebrate the work of our students and recognize that these results stem from the efforts and successes of parents, community partners, and our staff--school and district support staff, classroom teachers, school and district leaders, district coordinators, Aboriginal education workers, to name a few. It is through the collective support of Finance, in conjunction with all district departments, that our students continue to grow as learners.

# Financial Highlights

In 2015-2016, District enrolment was 13,860 Full Time Equivalent (FTE) Kindergarten to Grade 12 (K-12) students and since then, the District has experienced steady enrolment growth with enrolment in 2019-2020 at 14,645 FTE students and 14,801 FTE students for the 2020-2021 school year. This is an increase of 941 FTE students since 2015-2016 or an average increase of 235 students per year over the past four years. The District is projecting continued growth over the next few years as the Kamloops-Thompson region is desirable and affordable for many families.



The Operating Fund Surplus for the 2020-2021 school year was \$4,148,479, which is down from the \$5,369,494 Operating Fund Surplus the District reported for the 2019-2020 school year. Ministry of Education revenues on a per FTE basis increased by \$92 from \$7,468 to \$7,560/FTE student and enrolment under the standard student category was up overall by 48.5 FTE students from 2019-2020 to 2020-2021. In-class instruction enrolment decreased by 538.563 FTE whereas online enrolment increased by 599.1875 FTE and homeschool enrolment increased 136 FTE. The September 2020 shift in enrolment from in-class instruction to other education delivery models indicated that the Kamloops-Thompson community was unsure of the continued impacts of the global pandemic.

Total K-12 per FTE students 2019-2020 versus 2020-2021:

	Actual 2019-2020	Growth/(Decline)	Actual 2020-2021
Standard Schools	14,645.2500	(538.5625)	14,106.6875
Distributed Learning	308.1250	599.1875	907.3125
Home Schools	13.0000	136.0000	149.0000
	14,966.375	196.6250	15,163.0000

Below is a table that compares the Regular and Distance Learning per FTE funding rates for 2018-2019, 2019-2020 and for 2020-2021 school year.

Block Funding Rate Per FTE Student	2018-2019 Per FTE Rate	Increase	2019-2020 Per FTE Rate	Increase	2020-2021 Per FTE Rate
Per Student Regular FTE Rate	\$7,423.00	\$45.00	\$7,468.00	\$92.00	\$7,560.00
Per Student DL FTE Rate	\$6,100.00	\$0.00	\$6,100.00	\$0.00	\$6,100.00

Financially, the shift in enrolment as indicated previously from in-class instruction to either Distributed Learning or Homeschool Learning had the following effect on the District due to the difference in Ministry funding levels:

Education Delivery Model	Enrolment Change	Funding per FTE	Financial Impact
Standard Schools	(538.5625)	\$7,560.00	(\$4,071,532.50)
Distributed Learning	599.1875	\$6,100.00	3,655,043.75
<b>Net Change</b>	60.6250		(416,488.75)
Homeschool Students	(136.0000)	7,560.00	(1,028,126.00)
	136.0000	250.00	34,000.00
<b>Net Change</b>	0.0000		(994,160.00)
<b>Total Change in Revenue</b>			(\$1,410,648.75)



# Financial Analysis of the School District as a Whole

Below is a table that summarizes the 2020-2021 versus the 2019-2020 operating results.

Summary Operating Results	2019-2020	Increase / (Decrease)	% Increase / (Decrease)	2020-2021
Revenues	161,530,247	1,552,665	5.94%	163,082,912
Wages	112,044,939	3,673,439	3.90%	115,718,378
Benefits	25,027,879	270,062	3.41%	25,297,941
Expenses	19,087,935	(1,169,821)	1.16%	17,918,114
Surplus (Deficit)	5,369,494	1,221,015		4,148,479
	3.32%			2.50%

K-12 public education remains a priority for Government which translated into additional per student funding in 2020-2021. Operating Fund Revenues for the District increased \$1.553 million over 2019-2020 in the following areas:

- Additional \$4.766 million received from the Ministry of Education for the following:
  - Negotiated salary increases for teaching and support staff
  - Increase in funding for Unique Geographical Factors
  - Increased funding for Students with Diverse Learning Abilities due to increased enrolment
  - Equity of Opportunity funding to enhance support for children in care, mental health supports
  - Increased Aboriginal Education targeted funding due to increased enrolment
  - Increased funding for students with diverse learning abilities due to increased enrolment
  - Career Mentorship Grant to support mentorship for teachers
- The International Student Program revenue was reduced by \$2.709 million compared to 2019-2020. Travel restrictions imposed due to the pandemic had a negative effect on enrolment for the 2020-2021 school year; however, the program supported 130 students (95.40 FTE) from 11 countries attending six secondary schools. Of these students, 109 spent some or all of the school year in Kamloops. Prior to being able to travel to Kamloops, many of these students began classes online through the School District No. 73 Business Company, Global Education. In addition, another 22 students spent their entire school year online, working from their home country on Global Education Courses. Seventy-six students completed a mandatory 14-day self-isolation in their homestays upon arrival to Kamloops.
- 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 provides a semi-annual rebate of \$107,760 for a total of \$215,520 each year. Half of the rebate was transferred to Local Capital to allow the Information Technology Department to further invest in technology projects in support of our students.

## Salaries by Employee Group

	2019-2020	2020-2021	Increase / (Decrease)
Teachers	66,490,655	67,714,693	1,224,038
Support Staff	26,907,156	27,166,655	259,499
Principals/Vice Principals	9,545,743	9,962,387	416,644
Management Staff	3,968,901	4,481,111	512,210
Relief Costs	5,132,484	6,393,432	1,260,948
<b>Totals</b>	<b>112,044,939</b>	<b>115,718,378</b>	<b>3,673,439</b>

Total salary and wages for the District increased \$3.673 million over 2019-2020 results for the reasons listed:

- Negotiated salary increases (+2%) for teaching and support staff, July 1, 2020
- Corresponding salary increases for Trustees, excluded staff, principals and vice principals
- 34% increase in maternity leave for teachers and support staff
- \$1.260 million increase in replacement staff salaries
- \$579,896 increase in Certified Education Assistants required for student support

## Employee Benefits

- Employee benefit plans increased marginally by \$274,414 from 2019-2020. See the following table for a detailed comparison 2019-2020 versus 2020-2021 as well as a comparison 2006-2007 to 2020-2021.
- The increase to employee benefits of \$274,414 was offset by the remaining balance in the Operating Fund Restricted Reserve previously set up from reductions to the employer premiums for extended health and dental.
- Since 2006-2007, salaries and wages in the District have increased by 36.76%, or \$31.102 million, and benefits increased over the same period by 50.59%, or \$8.50 million. The annual benefit cost increases SD73 is experiencing each year is one area of our financial performance we have very limited control over. Annual increases in the per FTE funding are needed to keep pace with the ever-increasing cost of employee benefits.

				Variance	Increase
Employee Benefits	2006-2007	2019-2020	2020-2021	2019-2020 to 2020-2021	2006-2007 to 2020-2021
FTE District Staff	1,418	1,471	1,499	28	81
Total Wages	84,616,240	112,044,939	115,718,378	3,673,439	31,102,138
Percentage Increase					36.76%
Total Dollar Value Increase					31,102,138
Teacher Pension	7,053,965	8,985,842	9,327,091	341,245	2,273,126
Municipal Pension	1,550,539	2,735,286	2,681,855	(53,431)	1,131,316
Canada Pension Plan	2,945,406	4,096,313	4,163,467	67,154	1,218,061
Employment Insurance	1,429,075	1,655,208	1,673,093	17,885	244,018
WorkSafeBC	417,815	766,039	911,658	145,619	493,843
Medical (MSP/EHT)	1,201,267	2,509,440	2,272,539	(236,901)	1,701,272
Extended Health	879,595	2,157,747	2,227,325	119,578	1,397,730
Dental	1,059,522	1,784,752	1,655,443	(129,309)	595,921
Group Life Insurance	222,118	277,091	279,124	2,033	57,006
Employee Assistance	42,512	60,120	60,660	540	18,148
	16,801,814	25,027,842	25,302,255	274,413	8,500,441
Percentage Increase				1.63%	50.59%
Total Dollar Increase				274,413	8,500,441

## Supplies and Services

For the 2020-2021 school year, services and supplies for the District totaled \$17.918 million compared to \$19.088 million reported in 2019-2020. The global pandemic continued to provide challenges with supply chain issues, cost escalations, cancellation of professional development, field trip, and sporting events, restricted travel, and in some classifications, difficulties in hiring specialized staff. Cleaning protocols put in place during the Spring of 2020 remained and were enhanced throughout the 2020-2021 school year and were largely funded by the Ministry of Education's Safe Return to School/Class funds (Refer to Reserves Special Purpose section).

The greatest change in supply and services compared to the 2019-2020 school year was within the International Student Program. Due to students inability to travel, Student supports and homestay payments to families were reduced.

## Reserves – Operating Fund

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 District is maintaining reserve balances as per Board Policy 15 – ACCUMULATED OPERATING RESERVE FUNDS.

The Internally Restricted Reserve balances represent an accumulation of operating surpluses. The Board and senior administration enable departments and schools to carry forward unused budgets for expenditure 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 meets to review 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 recommendations 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 2018-2019, the District had approved the transfer of the remaining unrestricted operating reserve of \$237,390 to Local Capital to support the Valleyview Secondary Expansion project. By June 30, 2019, the Valleyview Secondary Expansion Project had a balance of \$1,162,390 set aside in the Local Capital Reserve for this major capital project.

At the conclusion of the 2020-2021 school year, the Audit Committee of the Board recommended adding \$134,137 of Operating Fund Surplus to increase the Internally Restricted Operating Reserve balance from \$6.962 million to \$7,096 million. Movement throughout the reserves as displayed on the following table indicates cost overruns or savings within each of the categories.

A few new categories have been added as a result of the District embarking on a Future of Schools project, the requirement for the District to utilize Ministry of Education Holdback Funds received in April and June 2021 to address student learning loss and mental health and wellness for students in the 2021-2021 school year, along with a restricted reserve for school evacuation should the need arise. An extreme heatwave affected parts of Western North America from late June through to July and during this time, wildfire broke out July 1, 2021 within the City of Kamloops, putting hundreds of people and homes at risk. Parts of the Kamloops-Thompson region, along with other regions within British Columbia were put into Evacuation Order or Alert at varying times throughout July and August. The Restricted Reserve for School Evaluation was created should the need arise to evacuate staff and students in September while school was in session.

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, 2021. Currently, due to the ongoing uncertainty of the COVID-19 pandemic, remaining funds set aside for this purpose are being restricted in General Reserve – COVID-19 which at year end 2020-2021 has a balance of \$1,024,259.

Operating & Capital Fund Balances   For the School Year Ending June 30, 2021				
OPERATING FUND	Balance at June 30, 2020	Increases 2020-2021	Decreases 2020-2021	Balance at June 30, 2021
<b>INTERNALLY RESTRICTED OPERATING RESERVE</b>				
Utility/Fuel CEA Cost/Budget	700,000		(151,112)	548,888
Strategic Plan Refresh	147,500		(72,500)	75,000
Future of Schools Project		75,000		75,000
Department	557,956		(12,694)	545,262
School Supply	1,403,793	41,576		1,445,369
General Reserve - COVID-19	1,474,821		(450,562)	1,024,259
Ministry of Education Holdback Allocation		501,569		501,569
School Evacuation Plan		100,000		100,000
Employee Benefits	328,755		(328,755)	
SD73BC Management Fee (2013-2017)	485,872			485,872
Aboriginal Education	937,393	553,833		1,491,226
International Student Program	817,567		(76,024)	741,543
AFG Other	65,003		(6,705)	58,298
Summer School	43,271		(39,489)	3,782
<b>Total Restricted Operating Reserve:</b>	<b>6,961,931</b>	<b>1,271,978</b>	<b>(1,137,841)</b>	<b>7,096,068</b>
<b>UNRESTRICTED OPERATING RESERVE</b>				
Unrestricted Operating Reserve				
<b>Total Unrestricted Operating Reserve:</b>				
<b>TOTAL OPERATING FUND BALANCES</b>	<b>6,961,931</b>	<b>1,271,978</b>	<b>(1,137,841)</b>	<b>7,096,068</b>

Below is a graph that indicates the District's Operating Reserve Balances from 2010-2011 to 2020-2021.

### SD73 Total Operating Reserve Balance & SD73 Operating Reserve (Net of Aboriginal Educational) Reserve



### Reserves – Special Purpose

Special Purpose Fund balances represent funding for specific programs. The majority of funding is from the Ministry of Education for programs such as the Annual Facility Grant, Classroom Enhancement Fund (CEF) Support Staff Learning Improvement Fund, CommunityLINK, Early Learning programs, OLEP French, and SetBC. New for the 2020-2021 school year was onetime funding titled Provincial Safe Return to School Fund and the Federal Safe Return to Class Fund, both funded through the Ministry of Education. This onetime funding was to mitigate the costs of the global pandemic. Enhanced cleaning frequency, supplies, hand hygiene products, reusable and disposable masks, barriers, ventilation improvements and MERV-13 filters, along with additional teaching staff are some examples of the expenditures allowable within these funds. 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.

	2019-2020	Increase / (Decrease)	Increase / (Decrease)	2020-2021
<b>Ministry of Education</b>	1,326,106	20,853,485	(21,219,038)	960,550
<b>School Generated Funds</b>	2,659,163	2,715,066	(2,714,201)	2,660,028
<b>Other Special Purpose Funds</b>	1,488,086	1,110,157	(991,008)	1,607,235
	5,473,352	24,678,708	(24,924,247)	5,227,813

## Reserves – Local Capital Reserve

The Local Capital Reserve Fund represents a portion of Accumulated Operating Fund Surpluses designated to fund the purchase of Tangible Capital Assets (TCA). The Local Capital Reserve fund is increased if the Board of Education passes a motion to transfer operating surpluses to Local Capital. The Local Capital fund balance is also increased when the District invests the cash associated with the Local Capital Fund balance in the Provincial Central Deposit Program or if the District sells land and/or buildings.

The Operating Fund Reserve and the Local Capital Reserve Fund balances are reviewed annually by the 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 is used to purchase portable classroom space, classroom furniture and equipment, maintenance equipment and vehicles, information technology equipment, custodial equipment or small capital expenditures in our schools not specifically funded by the Ministry of Education within the Operating Fund Grant or the Annual Facilities Grant. A purchase is considered capital if it benefits more than one school year. Below is a table providing the summary balances, revenues, transfers and capital purchases for 2020-2021.

LOCAL CAPITAL FUND	Balance at June 30, 2020	Revenues & Transfers 2020-2021	Capital Purchases 2020-2021	New Balance at June 30, 2021
General Reserve	\$2,763,024			\$2,763,024
Interest Income		13,419		13,419
Sale of Oak Hills Elementary		500,000		500,000
Transfer Re: Operating Surplus		4,014,342		4,014,342
Capital Purchases			(4,049,515)	(4,049,515)
<b>Total General Reserve</b>	<b>\$2,763,024</b>	<b>\$4,527,761</b>	<b>\$(4,049,515)</b>	<b>\$3,241,270</b>



## Ministry of Education Bylaw Capital

Funding is provided by the Ministry of Education for the purchase or replacement of capital assets upon the District's submission of an annual capital plan. The capital plan may include site acquisitions, school expansions, bus acquisitions or replacements, school enhancement plans, playgrounds, carbon neutral capital programs, or new school projects. Boards of Education are required to pass a Capital Bylaw when capital funding from the Ministry has been announced. The following table provides a more detailed look at the types of Bylaw Capital funding received along with the purchases of the capital assets with these funds.

MINISTRY OF EDUCATION CAPITAL BYLAW FUND	2020-2021 Amount
Opening Balance, July 1, 2020	\$48,709
Revenue Received	
Annual Facilities Grant	2,448,025
Bus Acquisition Program	1,499,791
Carbon Neutral Program	120,068
Parkcrest Elementary School (Rebuild)	388,838
Playground Equipment Program	250,237
School Enhancement Program	1,328,611
Valleyview Secondary Expansion	11,645,005
Total Revenue Received	17,680,574
Purchase of Capital Assets	
Buildings	1,346,566
Buildings – Work in Progress	12,033,842
Furniture and Fixtures	250,237
Vehicles – Buses	1,564,791
AFG Repairs and Maintenance	2,485,138
<b>Total Capital Assets Purchased</b>	<b>17,680,474</b>
<b>Total Bylaw Capital Reserve</b>	<b>\$48,709</b>

## Ministry of Education Restricted Capital

In accordance with sections 100 (3) and 100.0 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 Minister 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 and 75% as Minister Restricted Capital. Districts need to obtain approval from the Minister of Education to use these funds for capital projects.

The sale of Oak Hills Elementary to School District No. 93 (Conseil Scolaire Francophone) concluded in July 2020. Proceeds of the disposition of this property were apportioned 25% to Local Capital and 75% to Ministry Restricted Capital.

MINISTRY RESTRICTED CAPITAL	2020-2021 Amount
Opening Balance, July 1, 2020	\$160,667
Interest Income	9,653
Proceeds of Disposition	1,500,000
Total Revenue Received	1,509,653
<b>Balance June 30, 2021</b>	<b>\$1,670,320</b>

## Other Provincial Capital Fund

Other Provincial Capital is a Capital Reserve Fund representing a specific program created by the combined efforts of the Ministry of Jobs, Tourism, and Skills Training (JTST) and the Industry Trades Authority (ITA). This joint venture called Youth Trades Capital Equipment Program (YTCEP) enables school districts to purchase trades training equipment needed to support the delivery of one of the ITA's Youth Trades Programs. JTST requested the Ministry of Education (K-12 School Districts) assist by acting as the administrator of the YTCEP. Upon approval, the funds were provided to school districts directly by the ITA.

Ministry of Children and Family Development has provided a capital fund to increase childcare spaces at a District owned facility. This joint venture will allow the operator to increase the number of childcare spaces available to the Kamloops community as well as purchase vans to transport children to and from the center. The project will be complete in October 2021.

OTHER PROVINCIAL CAPITAL	2020-2021 Amount
Opening Balance, July 1, 2020	\$1,187,555
Capital Assets Purchased	
Buildings	812,204
Furniture and Equipment	56,624
Vehicles	101,618
Total Capital Assets	970,446
<b>Balance June 30, 2021</b>	<b>\$217,109</b>

## Other Capital Fund

The District owns and operates an internal print shop whereby schools and district departments are able to request print materials for their usage. The print shop operates on a cost-plus basis, saving a small amount for the purposes of replacing equipment when required.

OTHER CAPITAL	2020-2021 Amount
Opening Balance, July 1, 2020	\$110,530
Other Revenue	9,011
Interest Income	7,941
Total Revenue	16,952
Capital Assets Purchased	
Furniture and Equipment	2,783
<b>Balance June 30, 2021</b>	<b>\$124,699</b>

# Capital Assets

Below is a schedule summarizing the changes in Tangible Capital Assets. (Note 4 of the Audited Financial Statements contains a more detailed analysis of implications relating to the addition and/or the deletion of the District's assets.) Between Bylaw Capital provided by the Ministry and funds expended in support of our capital needs from the Local Capital Reserve, the District invested \$10.059 million in capital funds to address aging facilities and planned equipment replacement.

CAPITAL ASSETS (NOTE 4)					
Tangible Capital Assets in Thousands of Dollars					
	Balance at July 1, 2020	Additions	Disposals	Work in Progress	Balance a June 30, 2021
Sites	11,178		72		11,106
Buildings	140,929	3,957	628	15,666	159,924
Furniture & Equipment	13,716	1,363	365		14,714
Vehicles	10,976	2,109	1,006		12,079
Computer Software	352	71	26		397
Computer Hardware	3,184	904	1,080		3,008
<b>Total</b>	<b>180,336</b>	<b>8,403</b>	<b>3,177</b>	<b>15,666</b>	<b>201,228</b>

District major capital expenditures totaled \$22.922 million in 2020-2021. The projects reoutlined below were funded by capital grants received from the Ministry of Education Bylaw Capital, School Enhancement Program, Carbon Neutral Program, Bus Acquisition program, Playground Replacement Program and other Ministry capital programs along with funds from the District's Local Capital Reserve, and other Capital Reserve Funds.

CAPITAL ASSET	Amount
Valleyview Secondary School Expansion	11,645,004
Parkcrest Elementary School Rebuild	388,838
Portable Classroom Space	1,707,642
District and Classroom Furniture and Equipment	755,344
District and Classroom Information Technology Equipment	903,511
School Bus Replacement and Equipment	1,616,947
District Vehicle Replacement	492,300
Annual Facilities Grant - School Improvements	2,485,138
School Enhancement Projects – Boilers/HVAC Systems	1,326,775
Photocopiers	358,562
Inclusive Education Equipment	40,321
Custodial Equipment	262,329
Youth Work in Trade Equipment	56,624
District Software Purchases	70,908
Kamloops Child Development Centre – Daycare Spaces	812,204
<b>Total Investment in Capital Assets</b>	<b>22,922,447</b>

# Conclusion

The District is reporting a greater than normal Operating Fund surplus in 2020-2021 of \$4,148,479 or just over 2.54% of total operating revenues. Due to the ongoing effects of the global pandemic, the District was unable to proceed with professional development, field trips and sporting events, incurred hiring difficulties of specialized staff, and was unable to purchase some resources due to supply chain delays. The District continued to invest significant time and resources to deal with COVID-19 exposures, staffing shortages and frequent cleaning of high touch surfaces in these unprecedented times.

Looking forward to the 2021-2022 school year, the District will be developing a refreshed District Strategic Plan, a Future of Schools Plan along with focusing our efforts on excellence and equity, which has been foundational to the success of all students.

## 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.

