



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

For the Year Ended June 30, 2025



The following is a discussion and analysis of the School District's financial performance for the fiscal year which ended June 30, 2025. This report is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. The results of the 2024-2025 year are discussed in comparison with the prior 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.

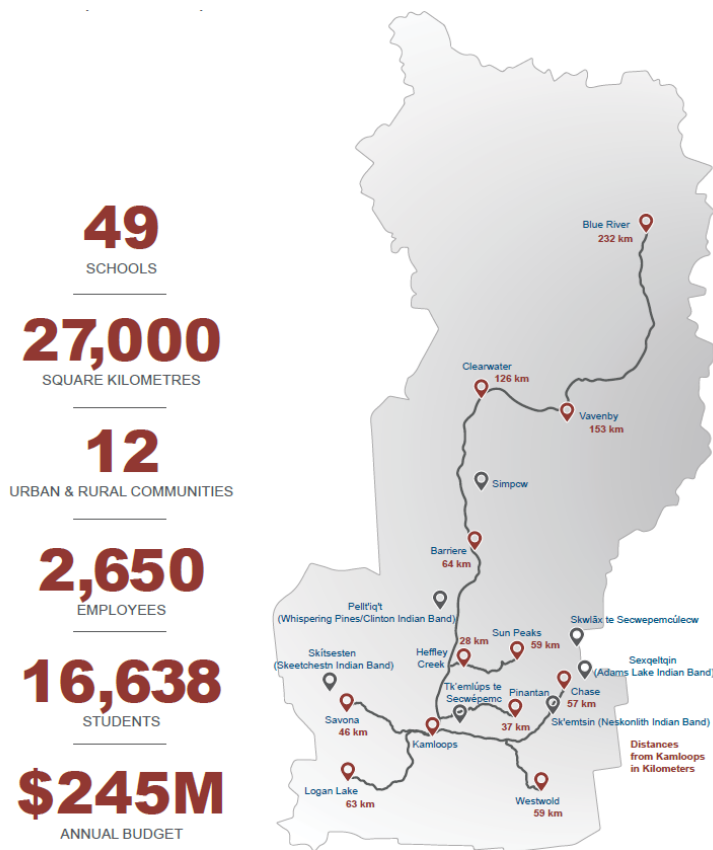


Land Acknowledgement

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), Skwlāx te Secwepemcúlecw, Stílq̓w / Pelltíq̓t (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). To illustrate our District the following graphic outlines some key facts about School District No. 73.



District Strategic Plan

2024-2025 was the third year of living our [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, staff, and 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 5 Priorities are: Intellectual Development, Human and Social Development, Cultural and Identity Development, Career Development, and Systems Development.



FINANCIAL HIGHLIGHTS

The 2024-2025 school year was the third year of the District’s five-year strategic plan, which guides the District’s financial priorities. The District reported its progress made in the third year of the strategic plan in its 2024-2025 District Learning Plan. Successes include improvements in literacy and numeracy for Indigenous students, improved transition rates for all students and operations staff successfully supporting the building of a new school (Sníne Elementary) and the growth of child care and Feeding Futures programs.

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

Fund	Budget Bylaw Amount	Actual Expenditures	Variance From Budget	Reported On
Operating	\$ 210,445,497	\$ 206,403,892	\$ 4,041,605	Schedule 2
Special Purpose	\$ 29,603,497	\$ 30,286,057	-\$ 682,560	Schedule 3
Capital	\$ 10,913,088	\$ 11,103,933	-\$ 190,845	Schedule 4
	\$ 250,962,082	\$ 247,793,882	\$ 3,168,200	

The Operating Fund is where the majority of the District’s operations are reported. As this will be of particular concern to the users of the financial statements, a considerable focus and analysis will be provided on the Operating Fund.

OPERATING FUND

For the 2024-2025 year, the District Operating Fund had a surplus of \$5,136,782, bringing the accumulated surplus to \$6,589,040. Actual amounts for the Operating Fund include:

- Revenues: \$212.107m
- Salaries: \$149.059m
- Benefits: \$ 36.134m
- Supplies and Services: \$ 21.777m

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 \$ 1.688m
- Internally restricted \$ 2.618m
- Unrestricted reserves \$ 2.283m

SPECIAL PURPOSE FUND

The Special Purpose Fund received \$31.096m in grants and funding for specific purposes and \$30.286m was spent on salaries, benefits, and supplies. The \$0.810m unspent funds increased the ending balance to \$7.542m which will be brought forward to 2025-2026 to be used towards their intended purpose.

CAPITAL FUND

The District spent \$38.396m in 2024-2025 on investments in capital assets, a \$12.722m increase 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.

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 schedule is comprised of four components: revenues, expenses, tangible capital assets purchased, and the operating surplus or deficit.

The District's Operating Fund results were significantly impacted in the 2024-2025 Budget Reduction Plan, reducing District-level supplies and services budgets, as well as carefully reviewing positions vacated through attrition in order to carefully manage the financial risks posed to the District due to not having an Operating Contingency.

OPERATING FUND REVENUES

Within the Operating Fund, the District receives 94.60% of its revenue from the Ministry of Education and Child Care through the per student, enrolment-based funding (2023-2024 – 94.65%). Based on the District’s student enrolment, each of those students’ funding classifications and the current rates provided by the Ministry, the District receives on average \$12,297 (2023-2024 - \$11,772) per student Full Time Equivalent (FTE). Total Operating Fund Revenues increased by \$10.467m with \$9.794m of that from the Ministry of Education and Child Care.

The \$9.794m increase of the Ministry of Education and Child Care operating grant from 2023-2024 was a factor of an increase in per student rates and an increase in enrolment for students in classrooms and online. Ministry of Education and Child Care funding on a per FTE basis increased in the current year to \$8,915/FTE student (2023-2024 - \$8,625/FTE student) and enrolment under the standard student category was up overall by 204.1875 FTE students from 2023-2024. In-class instruction enrolment increased by 34.750 FTE with online learning increasing by 167.438 FTE and home school enrolment increasing by 2.000 FTE.

Total K-12 per FTE student enrolment in 2023-2024 versus 2024-2025:

	Actual 2023-24	Growth/ (Decline)	Actual 2024-25	% Increase
Standard Schools	15,629.0000	34.750	15,663.7500	0.22%
Distributed Learning	432.2500	167.438	599.6875	38.74%
Home Schools	51.0000	2.000	53.0000	3.92%
	16,112.2500	204.1875	16,316.4375	1.27%

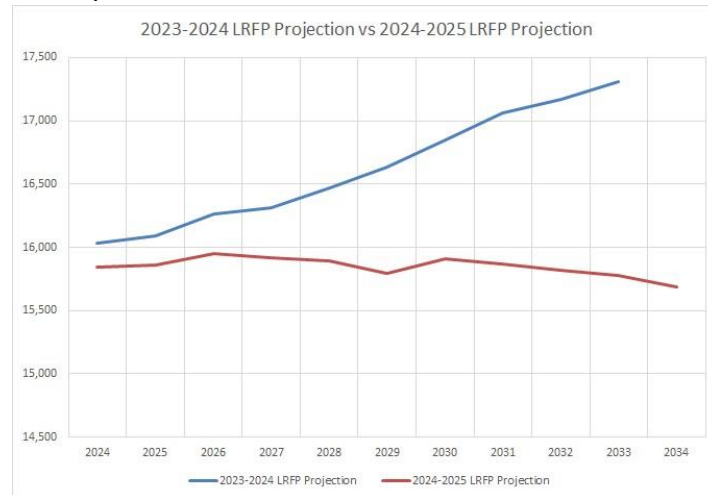
The other significant increase was the management fee and the special dividend received from the Business Company totaling approximately \$0.902m. The dividend was the payment of accumulated earnings accumulated over the life of the Business Company as a special measure approved by the Board and cannot be expected on an annual basis.

Summary Operating Results	2023-24	2024-25	Change	% Increase / (Decrease)
Revenues				
Ministry of Education and Child Care Operating Grant	\$190,853,430	\$200,647,430	9,794,000	5.13%
Provincial Grants - Other	252,723	277,183	24,460	9.68%
International Student Tuition	5,001,861	5,262,180	260,319	5.20%
Local Education Agreement	3,145,290	2,962,161	(183,129)	(5.82%)
Career Education	81,043	88,979	7,936	9.79%
Course Fees	41,610	34,450	(7,160)	(17.21%)
Student Paid Meals	148,980	193,711	44,731	30.02%
Miscellaneous	779,213	544,074	(235,139)	(30.18%)
Parent Paid Child Care	58,805	188,532	129,727	220.61%
SD73 Business Company Management Fee	0	102,028	102,028	100.00%
SD73 Business Company Dividend	0	800,000	800,000	100.00%
Rentals and Leases	259,711	217,998	(41,713)	(16.06%)
Investment Income	1,017,896	788,469	(229,427)	(22.54%)
Total Operating Revenue	\$201,640,562	\$212,107,195	\$10,466,633	5.19%

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

STUDENT ENROLMENT

Over the last five years the District has seen consistent enrolment growth from 14,647 Kindergarten to Grade 12 students in the 2019-2020 school year to 16,316 students in the 2024-2025 school year. The District reports enrolment as headcount values and not FTE as space requirements are dependent on headcounts.



Based on estimates in the District’s Long-Range Facilities Plan, the District is forecasting that student enrolment will begin to decrease in the next ten years due to decreased housing developments in the Kamloops-Thompson area as well as a decrease in birth rates. The 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

On average, 88% of the total Operating Fund revenues are used to fund salaries and employee benefits. Salary costs for the District’s staff includes teachers, principals and vice principals, support staff, certified education assistants, Indigenous education workers, relief staff, and exempt staff.

	2024-25		2023-24	
	Salary Costs (\$)	% of Operating Fund Revenues	Salary Costs (\$)	% of Operating Fund Revenues
Teachers	\$ 83,892,011	39.55%	\$ 83,067,781	41.20%
Principals and Vice Principals	\$ 12,797,911	6.03%	\$ 12,284,728	6.09%
Certified Education Assistants	\$ 11,288,811	5.32%	\$ 11,307,589	5.61%
Support Staff	\$ 24,229,006	11.42%	\$ 22,905,030	11.36%
Other Professionals	\$ 5,601,107	2.64%	\$ 5,449,629	2.70%
Substitutes (Relief) Staff	\$ 11,249,829	5.30%	\$ 10,606,103	5.26%
Employee Benefits	\$ 36,134,199	17.04%	\$ 32,387,745	16.06%
	\$ 185,192,874	87.31%	\$ 178,008,605	88.28%

Increased absenteeism 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 salaries, benefits, supplies and services of the District.

	Relief Costs	% Change From 2019-20	Ministry Per FTE Standard Grant	% Change From 2019-20
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 classrooms and the costs of supplies for schools, classrooms and administration to function efficiently.

	2023-24	2024-25	2023-24 to 2024-25
Services and Supplies			
Services and Supplies	4,510,799	5,018,426	507,627
Student Transportation	484,740	404,824	(79,916)
Professional Development and Travel	1,716,719	1,111,637	(605,082)
Dues and Fees	122,380	131,819	9,439
Insurance	619,443	762,999	143,556
Supplies	12,887,043	10,099,625	(2,787,418)
Utilities	3,389,051	3,681,688	292,637
	23,730,175	21,211,018	(2,519,157)

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 2024-2025 versus the 2023-2024 Operating Fund results. An increase in Operating Fund revenues due to higher February enrolment and the dividend from the

Business Company as well as decreased spending on supplies and services resulted in a \$5.703m surplus before required transfers. This surplus represents the change in the Accumulated Operating Surplus.

Summary Operating Results	2023-24	Change	% Increase / (Decrease)	2024-25
Revenues	201,640,562	10,466,633	5.19%	212,107,195
Wages	145,620,860	3,437,815	2.36%	149,058,675
Benefits	32,387,745	3,746,454	11.57%	36,134,199
Expenses	23,730,175	(2,519,157)	(10.62%)	21,211,018
Surplus (Deficit) Before Transfers	(\$98,218)	\$5,801,521		\$5,703,303
	-0.05%			2.69%
Required Transfers				
School Purchases of Capital Assets	(\$633,065)	90,539		(\$542,526)
Local Capital Purchases	(\$1,274,139)	1,274,139		\$-
Remediation of Asbestos	(\$52,738)	28,743		(\$23,995)
Total Operating Surplus (Deficit), for the year	(\$2,058,160)			\$5,136,782

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.

OPERATING FUND	Balance at June 30, 2024	Balance at June 30, 2025	Increase / (Decrease)	
			\$	%
INTERNALLY RESTRICTED FUTURE SCHOOL YEARS				
AFG Other	\$31,623	\$ 31,623	\$ -	0.00%
Capital Planning and Community Engagement	66,500	\$ 66,500	\$ -	0.00%
Department Carry Forward	201,476	\$ 461,901	\$ 260,425	129.26%
School Supply Carry Forward	1,500,940	\$ 1,317,936	\$- 183,004	-12.19%
SD73BC Management Fee (2013-2018)	\$485,872	\$ 485,872	\$ -	0.00%
Staffing Contingency	-	\$ 253,710	\$ 253,710	100.00%
	\$2,286,411	\$2,617,542	\$ 331,131	14.48%
EXTERNALLY RESTRICTED - FUNDS WITH CONSTRAINTS				
CUPE 3500 - Job Evaluation	\$289,877	\$ 495,467	205,590	70.92%
Indigenous Education Targeted Funds	513,752	\$ 1,117,676	603,924	117.55%
Indigenous Education Council Admin Grant	-	\$ 75,407	75,407	100.00%
	\$803,629	\$1,688,550	\$884,921	110.12%
UNRESTRICTED OPERATING SURPLUS / (DEFICIT)				
Local Capital	(\$1,274,139)	\$ -	\$ 1,274,139	100.00%
Operating Surplus / (Deficit) Contingency	(363,643)	\$ 2,282,948	2,646,591	727.80%
	(\$1,637,782)	\$2,282,948	\$3,920,730	239.39%
Total Internally Restricted Operating Reserve:	\$1,452,258	\$6,589,040	\$5,136,782	353.71%

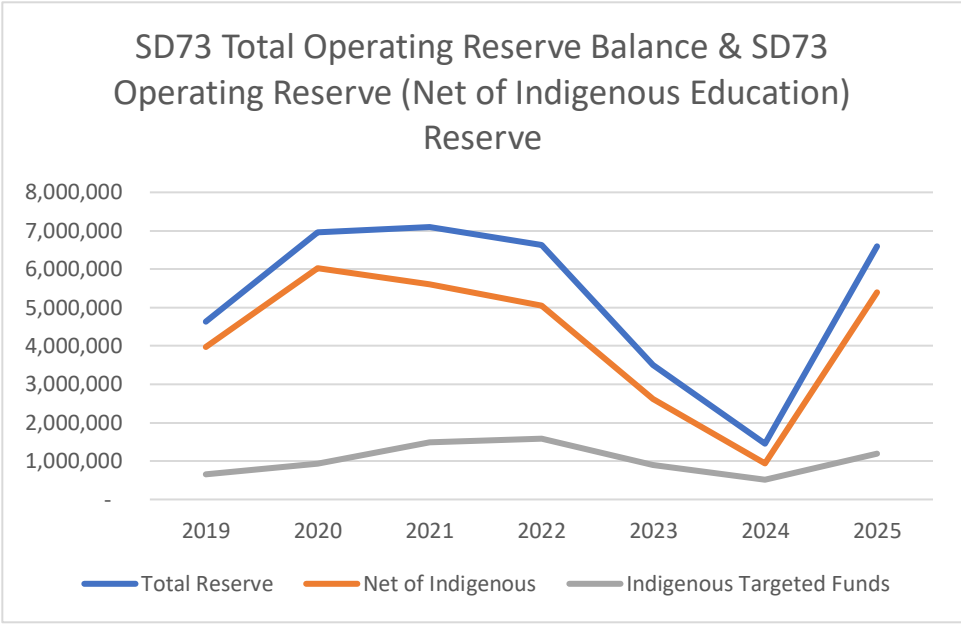
Externally Restricted Reserve balances are unspent funds with stipulations placed on them by the funder to be used for a specific purpose. These funds are carried forward until the purpose of the funds has occurred.

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 at 3% of operating fund expenditures, approximately \$6.192m. The Board has been budgeting modest surpluses in the 2024-2025 Amended Annual Budget and the 2025-2026 Annual Budget with the goal of reestablishing the contingency to that level in a slow and measured approach.

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.

Below is a graph that tracks the changes to the District’s Operating Reserve Balances from 2019-2020 to 2024-25.



Conclusion

The District has reported an Operating Fund Surplus of \$5,136,782 or 2.42% of total operating revenues which has allowed it to replenish its Operating Fund Contingency to \$2.283m or 1.10% 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 2025-2026 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**
- **Utilities**
- **Replacement (Relief) Costs**
- **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 2025-2026 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.

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.