



**Central Okanagan
Public Schools**

Together We Learn

Financial Statement Discussion and Analysis

For the Year Ending June 30, 2025



Financial Statement Discussion and Analysis

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Introduction

This report is a financial statement discussion and analysis of the financial performance of Central Okanagan Public Schools (School District No. 23 (Central Okanagan)) for the fiscal year ended June 30, 2025. It is based on currently known facts, decisions, or conditions. This should be read in conjunction with the District's audited financial statements. The preparation of this financial statement discussion and analysis is management's responsibility.

The District:

- is situated on the unceded Traditional Territory of the Okanagan Syilx peoples and serves approximately 3,200 students that self-identify their Indigenous heritage.
- serves more than 251,000 citizens living in 4 municipalities - Peachland, West Kelowna, Kelowna, Lake Country, and the Regional District of Central Okanagan.
- is the sixth largest District in the province and serves over 25,500 students serves 50 schools/sites - 32 elementary, 8 middle, 5 secondary, 1 alternative school, 3 learning centres and 1 online learning (K-12).
- has 7 Board of Education Trustees.
- continues to welcome an increased number of immigrant families and English Language Learners (ELL) into the Central Okanagan.
- continues to welcome international students and is proud that more Indigenous students are self-identifying.

Vision

Together We Learn.

Purpose

To educate students in a safe, inclusive, equitable and inspirational learning environment where each learner develops the attributes and competencies to flourish in a global community.

Our Overarching Goal

Our learners will develop foundational skills and core curricular competencies so that they can be empowered to follow their passions and strengths and thrive holistically as resilient and engaged global citizens.

Cultural Values

- **Honesty** is the building block for relationships and the basis for trust. It is the absence of falsehood and the action of full disclosure. It is the ultimate test of moral strength. When honesty is present, integrity will also be apparent.
- **Respect** is "to consider worthy of high regard". Being respectful is an attitude of honouring people and caring about their rights.
- **Responsibility** is being accountable for our actions and their consequences. When we demonstrate responsibility, we are doing our best to meet the expectations of others and ourselves.
- **Equity** empowers each learner to thrive, holistically.
- **Empathy** is a feeling of concern, compassion and understanding of another's situation or feelings.

2021-2026 Strategic Plan

Central Okanagan Public Schools 2021-2026 Strategic Plan helps guide, along with the budget development principles, the operational planning of the District budget. The District's Strategic Plan includes the development of the following four focused directions.

Equity & Excellence in Learning – We believe equity empowers each learner to thrive holistically. We also believe that each learner achieves excellence in learning when they have the confidence and competencies to pursue their passions and strengths.

Transformative Leadership – We believe in an ever-changing world, transformative leadership is a powerful catalyst for continuous improvement and growth that positively impacts our system, each school community, and ultimately each learner.

Family & Community Engagement – We honor the knowledge and experience that families and the community bring to our schools. By partnering together to improve student learning, opportunities for deep and meaningful engagement will emerge that supports, enriches, and nurtures each child in our care from cradle to career.

System Wellbeing – We believe in sustainable practices that provide support to each learner today without compromising or reducing the ability to support each of our learners in the future. Moving forward, in a culture of growth, innovation, engagement and wellness, ensures that we can adapt to changing environments while continuously supporting each of our learners.

The District uses fund accounting to track revenues and expenditures. There are three funds that are reported in the District's financial statements:

OPERATING FUND	SPECIAL PURPOSE FUND	CAPITAL FUND
This fund includes revenues and expenditures related to the daily operations of the District.	This fund is restricted for a specific purpose and includes restricted school generated funds. These funds do not report a surplus as revenues are only recognized when the related expenditure occurs. Where there is an unspent amount at year end, typically that amount can be carried forward and spent in the following fiscal year.	This fund includes financial activities for tangible capital assets. The Ministry of Infrastructure provides capital funding which is accounted for using the deferral accounting methodology whereby capital revenue is recognized over the life of the related asset to match the amortization expense recorded in the financial statements. Thus, the revenue reported in the financial statements does not match the actual capital funding received in a year.

Financial Statement Composition Overview

The two key audited statements are:

- **Statement of Financial Position** - summarizes the combined assets and liabilities at June 30th, 2025. This provides an indication of the financial health of the District.
- **Statement of Operations** - summarizes the combined revenues received and expenses incurred during the twelve months between July 1 and June 30. This provides an indication of the funding received by the District and how that funding was spent.

A Statement of Changes in Net Financial Assets (Debt), Statement of Cash Flows and the notes to the financial statements are also audited and provide further analysis of the District's finances.

The schedules at the end of the notes to the financial statements are in a format prescribed by the Ministry of Education and Child Care. These schedules provide more detail specific to each of the three funds (Operating, Special Purpose and Capital funds). The balances in these schedules are consistent, when combined together, with the financial statements. These schedules are comprised of:

- **Schedule 2: Operating Fund** – accounts for the District's grants and other operating revenues as well as the District's operating expenses. As the District must present a balanced Operating Fund budget, any surplus is carried forward to future years.
- **Schedule 3: Special Purpose Fund** – accounts for grants and other contributions whereby spending is for specific activities. As these are targeted funding, any unspent funds are accounted as deferred revenue, not accumulated surplus.
- **Schedule 4: Capital Fund** – accounts for the District's investment in capital assets, local capital as well as bylaw capital, other provincial capital, other capital, land capital and Ministry of Education and Child Care restricted capital.

Summary of Significant Events

Operating Fund

Year-end Pressures - As discussed at the September 18, 2024, Finance and Planning Committee meeting, there were many inflationary costs that exceeded the budget when the June 30, 2024 audited financial statements were presented.

Enrolment Pressures - The 2024/2025 Annual Budget was originally built on a projected student enrolment of 400 FTE which was aligned with prior trends. The 3-year average of student enrolment growth is 520 FTE (2.22%), and the 6-year average of student enrolment growth is 434 FTE (1.90%).

As discussed at the September 18, 2024, Finance and Planning Committee meeting, the overall funded student enrolment, excluding adult, alternate and online enrolment, was lower than anticipated, with a 153 student FTE increase versus the 400 student FTE increase originally projected. This decrease in enrolment resulted in a \$2.2M budget adjustment to the 2024/2025 Amended Annual Budget.

Due to the above cost escalation pressures and decline in anticipated enrolment, the District was unable to commit as much funding to Local Capital as at June 30, 2024. The 2024/2025 Amended Budget was also adjusted to better reflect increased costs for such items as illness, software expenses and other services and supplies costs. Also, the work order recovery budget (relates to school and/or department recovery work supported by the Operations Department) was reduced to allow the Operations Department to continue to focus on the maintenance of buildings.

Capital Projects

During the year, the District managed several large capital projects.

École Dr. Knox Middle School offers a full range of educational programs for grades 7 to 9. The existing nominal operating capacity of the school is 900 students. The 2024/2025 enrolment was 996 students. It is projected that the number of students will continue to increase over the next ten years.



School District No. 23 (Central Okanagan) executed the Capital Project Funding Agreement for the addition to École Dr. Knox in July of 2022, the project has an overall budget of \$28 million.

The scope of the project is to construct a 300 capacity, two-story expansion onto École Dr. Knox Middle School. This will increase the student capacity from 900 to 1,200 students. Construction will include a connection to the existing facility at the main floor at the multipurpose space and on the second floor by constructing an elevated walkway to connect the upper floor of the existing building with the upper floor of the addition.

The expansion will include instructional spaces to support Art, Foods, Technology Education, Inclusive Education, Counselling along with General Instruction. There will also be inclusive washrooms to support all users across each floor of the expansion. To reduce energy consumption and greenhouse gas emissions, the project will increase the number of onsite wells in support of the designed geothermal mechanical system. The project moved into construction in April 2023 and is forecasted for occupancy in the Fall of 2025.

North Glenmore Elementary School underwent a 125-student seat expansion to increase capacity from 505 to 630 students. The budgeted \$8.5 million expansion consisted of a new 5-classroom prefabricated building, with construction completed in the Fall of 2024.

École George Pringle Elementary School has been demolished. Construction of a new 1,200-student capacity secondary school in the rapidly growing area of West Kelowna is underway. Currently, Mount Boucherie Secondary School is the District's only secondary school in West Kelowna, serving almost 1,800 students. The new École George Pringle Secondary School will support 21st Century Learning promoting creativity, communication, and collaboration, alleviate the student pressure at Mount Boucherie Secondary School and allow the District to redistribute students better throughout the area.



The construction of the new school will allow the District to reclaim valuable sports field area and site space by reallocating the seventeen portables at Mount Boucherie Secondary School to other school locations to accommodate ongoing student growth throughout our District.

The new secondary school will offer programs to support Arts, Science, Music, Drama, Indigenous Education, Automotive, Woodworking, Metal work, Technology, Nutrition, Physical Education and General Instruction, as well as Outdoor Learning, Multipurpose, Gathering, Counselling, Administration and Support spaces. The Neighbourhood Learning Centre initiative will provide a dedicated Indigenous space within the school and a standalone childcare facility to support infant and pre-school care.

The project design will include Greenhouse Gas reduction strategies such as a Geoexchange system, ground source heat pumps, and condensing hot water heaters. Project energy reduction strategies include the use of LED fixtures and lighting control, building automation, demand control ventilation, heat recovery ventilation, and improved building envelope.

The new École George Pringle Secondary School is targeted to welcome new students for the 2027/2028 school year and has a budget of \$123.8 million.

Chief Tomat Elementary School is undergoing a 175-student seat expansion to increase capacity from 270 to 445 students. The budgeted \$10.5 million expansion consisted of a new 7-classroom prefabricated building, with site preparation started in the Summer of 2024. This expansion is forecasted occupancy in the Fall of 2025.

Webber Road Elementary School is undergoing a 200-student seat expansion to increase capacity. The budgeted \$12 million expansion consisted of a new 8-classroom prefabricated building, with site preparation started in the Spring of 2025. This expansion is forecasted occupancy in the Fall of 2026.

École Hudson Road Elementary School will undergo a 265-student seat addition to increase capacity to 590 students. The budgeted \$23 million addition began construction in the Summer of 2024, with the expansion's forecasted occupancy in the Fall of 2027.

The demolition and renovation project at the **Hollywood Road Educational Services** building moved into construction in February 2024 and has just been granted occupancy in August 2025. The scope of the project was to renovate the existing building to improve building efficiency, enhance services to online learners, accommodate the online learning program's staff, and upgrade the current building to provide modern, safe, and functional spaces for staff.

New Middle School - Burtch Road site The Ministry of Infrastructure has just approved funding for the construction of a new 800 seat middle school to support growing needs in the Glenmore/Kelowna North Area. The school is planned for property adjacent to the new Parkinson Recreation Centre and will include culturally responsive spaces designed in consultation with Indigenous communities. The new middle school has a budget of \$101 million and will proceed to the design phase.



Additional Capital Projects

- Various energy and roofing upgrades to schools across the District.
- Universally accessible playground for École Belgo Elementary School.
- Renovation of the foods room at École KLO Middle School.
- Several replacement buses for use by the Transportation Department.
- Six childcare buildings have been completed at Anne McClymont Elementary, Ellison Elementary, Black Mountain Elementary, North Glenmore, École George Elliot Secondary, and École Okanagan Mission Secondary. The District has partnered with the YMCA, BGC Okanagan and Clubhouse Childcare to provide childcare services for 500 childcare spaces. Construction at the one remaining childcare building, located at École Hudson Road Elementary, is expected to be finalized this year and will provide 92 additional childcare spaces.

Indicators of Financial Health

The following highlights some of the more significant financial health indicators of the District.

Financial Assets

	(in millions)			
	2025	2024	Variance	Variance
	\$	\$	\$	%
<u>Financial & Non Financial Assets</u>				
Cash And Cash Equivalents	46.2	51.5	(5.3)	-10%
Accounts Receivable	23.2	12.9	10.3	80%
Portfolio Investments	15.6	14.6	1.0	7%
Tangible Capital Assets	469.2	409.7	59.6	15%
Prepaid Expenses	0.3	0.3	0.0	13%
Supplies Inventory	0.2	0.2	0.0	7%
Total Financial & Non Financial Assets	554.8	489.2	65.7	13%

Cash & Cash Equivalents – Statement 5 (Cash Flows) provides information regarding cash inflows from operations and investments and outflows that pay for District activities. The District requires a strong cash balance to pay for current liabilities, including trade accounts payable and wages payable. As well, included in the cash balance of \$46.2M at June 30, 2025 are restricted funds relating to summer savings and deferred salary leave plans (\$13.3M) and school generated funds (\$6.4M). Every year in July and August, the monthly funding from the MOECC drops significantly so additional cash funds are required to carry the District through the summer.

Accounts Receivable – Accounts Receivable increased 80% over prior year which is largely related to and includes an outstanding balance from the Ministry of Infrastructure (\$19.5M) for the construction of ongoing capital projects.

Portfolio Investments – Fluctuates as the market changes. In 2025, interest rates ranged from 2.75% to 4.50% (2024 range - 1.31% to 5.05%).

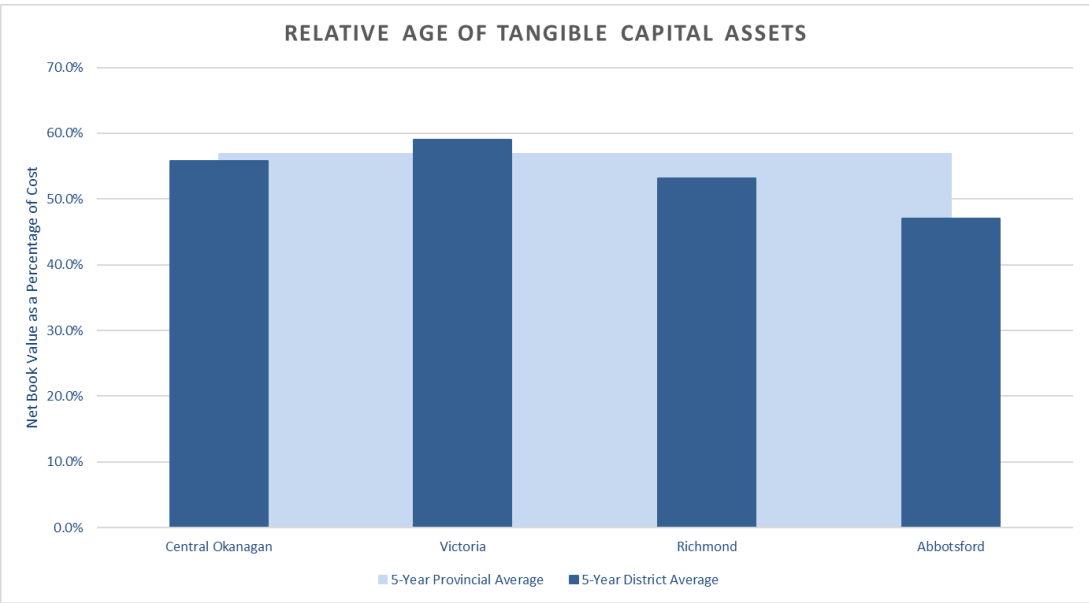
Tangible Capital Assets – During the year, maintenance and upgrades, funded by the Annual Facility Grant (AFG), were completed, two childcare spaces were finalized and costs transferred from work in progress (WIP) to tangible capital assets, and several schools participated in the computer refresh program.

Several capital projects continue under construction including École Dr. Knox Middle, École George Pringle Secondary, Chief Tomat Elementary, École Hudson Road Elementary , Webber Road Elementary and one remaining childcare facility. The Hollywood Road Educational Services Centre (renamed The Learning Centre) renovation is also under construction but received occupancy in August, 2025 with District staff transitioning to the new space in late August/early September 2025. All these projects created significant additions to WIP.

Effective for the 2023 fiscal year, the Office of the Comptroller General (OAG) instructed the District to retroactively assess legal liabilities that exist for the removal and disposal of asbestos and other environmentally hazardous materials within the District owned buildings that will undergo major renovations or demolition in the future. The associated costs were reported as an increase in the carrying value of the associated tangible capital asset and corresponding accumulated amortization. At June 30, 2025, the hazardous abatement rates were reviewed and increased to account for rising construction costs in BC. As a result, the estimated asset retirement obligation and associated tangible capital asset increased by \$1 million to \$27.1 million.

The District's tangible capital asset net book value (cost less amortization) compared to the tangible capital assets historical cost (cost when purchased) is a percentage that illustrates the relative age of the asset. A high percentage indicates newer assets. The concern with a low ratio is that capital assets may not be replaced on a regular basis, which may be an indication of potential health and safety issues, or a significant cost in the future to replace capital assets.

As illustrated in the graph below, the District's five-year average for buildings only (buildings account for over 80% of the District's total assets) of 56.9% is on par with the provincial average of 56.8% and just over the average of comparable size FTE districts at 53.1%. This indicates the District is maintaining its buildings in a timely fashion.



Prepaid Expenses – Prepayment of software & other licenses for multiple years.

Supplies Inventory – Central Stores maintains an inventory on hand for schools to access. Small fluctuations are in relation to supply and demand at the school sites.

Financial Liabilities

	(in millions)			
	2025	2024	Variance	Variance
<u>Financial Liabilities</u>	\$	\$	\$	%
Accounts Payable	31.8	26.3	5.4	21%
Unearned Revenue	5.0	4.9	0.1	2%
Deferred Revenue	7.8	7.0	0.8	12%
Deferred Capital Revenue	347.5	291.6	55.9	19%
Employee Future Benefits	11.9	11.7	0.2	2%
Asset Retirement Obligation	27.1	26.1	1.0	4%
Other Liabilities	15.8	15.3	0.6	4%
Total Financial Liabilities	446.9	382.8	64.1	17%

Accounts Payable – the increase in accounts payable at the end of the year relates to progress billing and builder lien holdbacks for the current capital projects which were approximately \$3.5M more than prior year. Additionally, our regular vendors payable were higher related to timing of invoicing.

Unearned Revenue – This represents fees collected in fiscal 2024/2025 from International Education students coming in the 2025/2026 and 2026/2027 school years.

Deferred Revenue – Special Purpose Funds remaining balances to be spent in future years. These include balances from the Learning Improvement Fund (LIF), Student and Family Affordability Fund, Feeding Futures Fund, Early Learning Capacity Building Fund, Early Childhood Education, Mental Health in Schools Fund, Seamless Day Fund, School Generated Funds, Work Experience Program, Health Dual Credit Program, Literary Support Fund, and National School Food Program.

Deferred Capital Revenue – The current year balance increased due to significant work in progress (WIP) costs being incurred, and fully funded, during the year for facility improvements to École George Pringle Elementary School, École Dr. Knox Elementary, Hollywood Road Educational Services, École Hudson Road Elementary School, Chief Tomat Elementary School, Webber Road Elementary, and the continued construction of one remaining childcare facility.

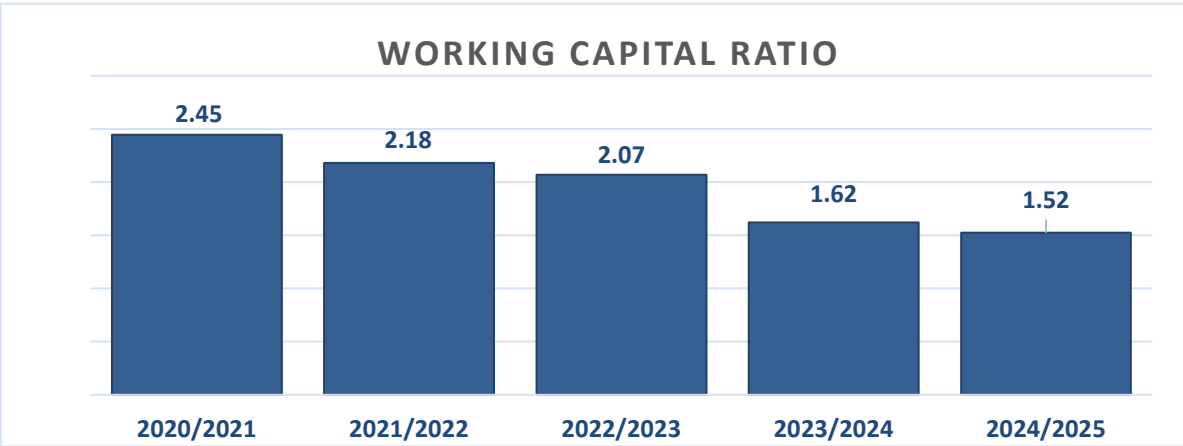
Employee Future Benefits – Relates to retirement payments to employees for years of service.

Other Liabilities – Includes accrued wages payable, employer health tax and other employee benefit costs.

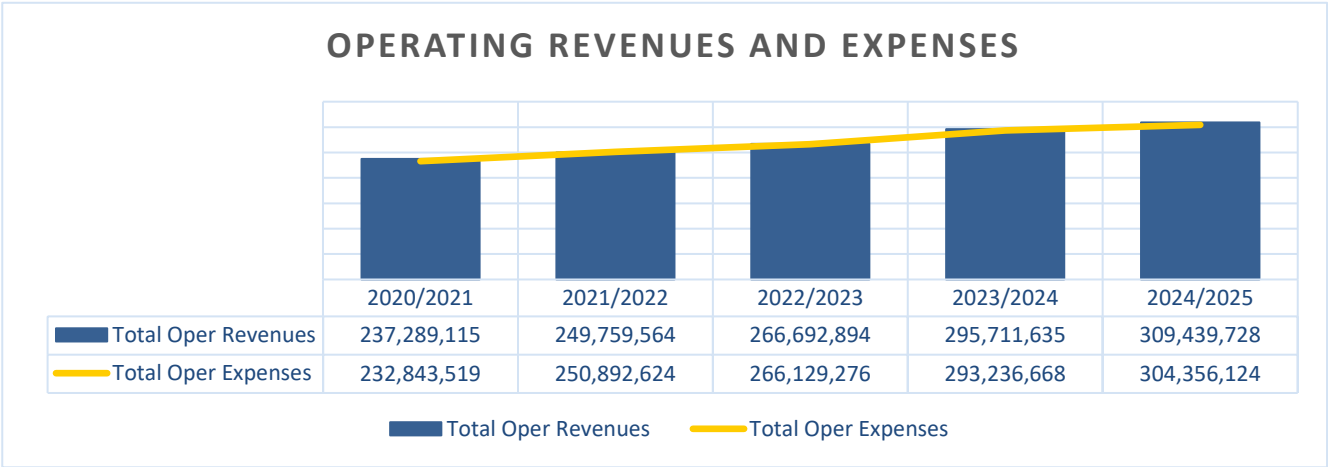
Asset Retirement Obligation – Effective for the 2023 fiscal year, the Office of the Comptroller General (OAG) instructed the District to retroactively assess legal liabilities that exist for the removal and disposal of asbestos and other environmentally hazardous materials within the District owned buildings that will undergo major renovations or demolition in the future. The updated estimate of the obligation is \$27.1 million.

Analysis of Financial Health

Working Capital Ratio – also called the current ratio, is a liquidity ratio that measures a District's ability to pay off its current liabilities with current assets. A working capital ratio greater than one is desirable as it means that the District can pay current liabilities as they are due. A working capital ratio of less than one indicates that the District would have to borrow to meet short-term obligations. The working capital ratio is calculated as current assets divided by current liabilities. The District's working capital ratio continues to be healthy and well above one.

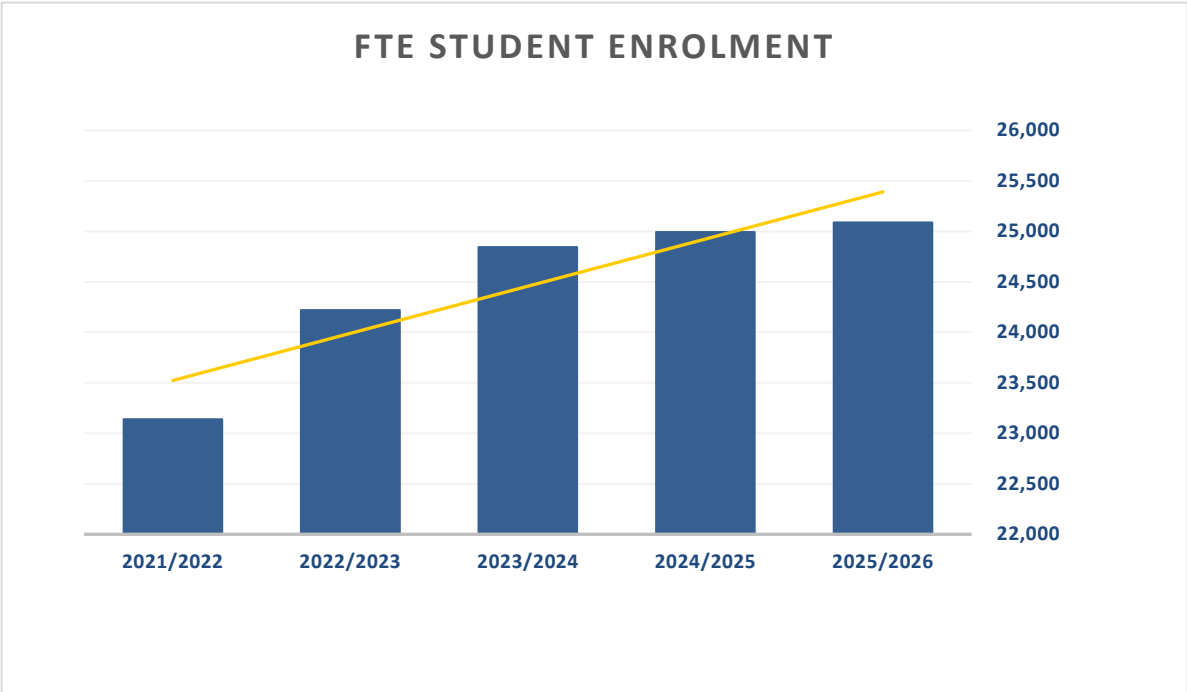


Operating Revenue & Expenses – the following chart illustrates the District's operating revenue and expenses over a five-year period. In fiscal 2024/2025 (per Schedule 2 of the audited financial statements), the District experienced an operating surplus of \$4.85M for the year. Of this surplus, \$2.8M is unrestricted and \$2.01M is internally restricted.



Revenue Overview

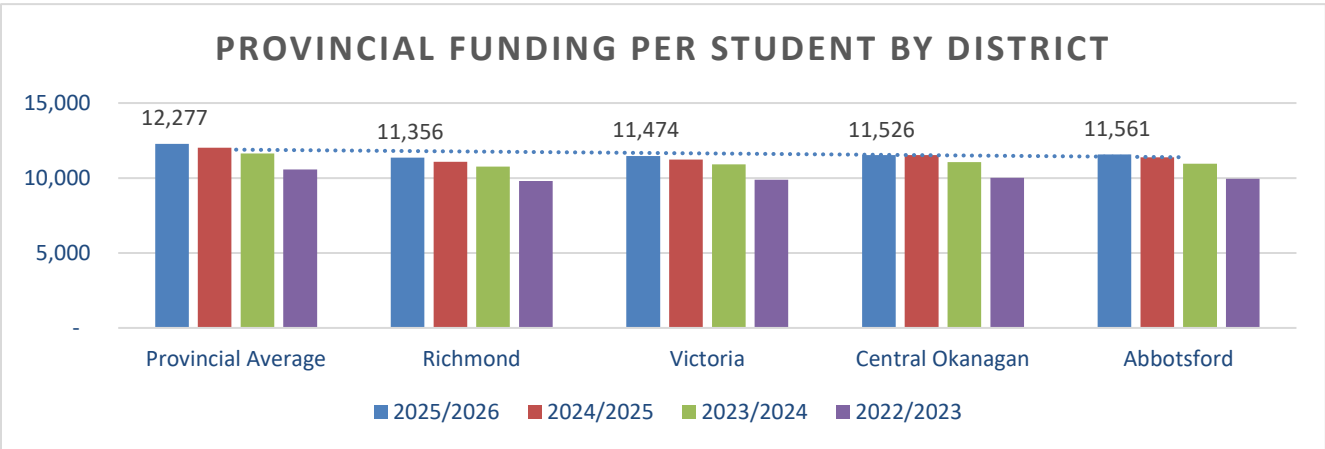
The District has seen continued growth in student enrollment since 2022, which is in line with the overall population growth in the Central Okanagan. This region is noted as one of the fastest growing regions in Canada. For 2025/2026 there is minimal growth projected.



Provincial Grants – Revenue is highly reliant on funding from the Provincial government, which is tied directly to student enrolment. Student enrollment fluctuates year to year which directly influences the District's Operating Grant Revenue. In the 2024/2025 school year, 94% of total revenues was from the Ministry of Education and Child Care through Provincial Operating Grants.

In September 2024, the overall funded student enrolment, excluding adult, alternate and online enrolment, was lower than anticipated, with a 153 student FTE increase versus the 400 student FTE increase originally projected. In addition, there was a 3.36% increase in the per pupil funding rates, to cover negotiated wage increases for all staff. The increase in both the student FTE and per student pupil amount resulted in an overall increase of \$7.3M to the Provincial Operating Grants over the prior year.

Per the graph below, the District receives less funding, on average, per FTE student compared to the provincial average. This differential occurs because there are specialty grants provided to districts that address factors unique to specific districts such as geographical differences, inclusive education enrolment and salary differentials. The District receives relatively consistent per FTE student funding as other comparable size districts.



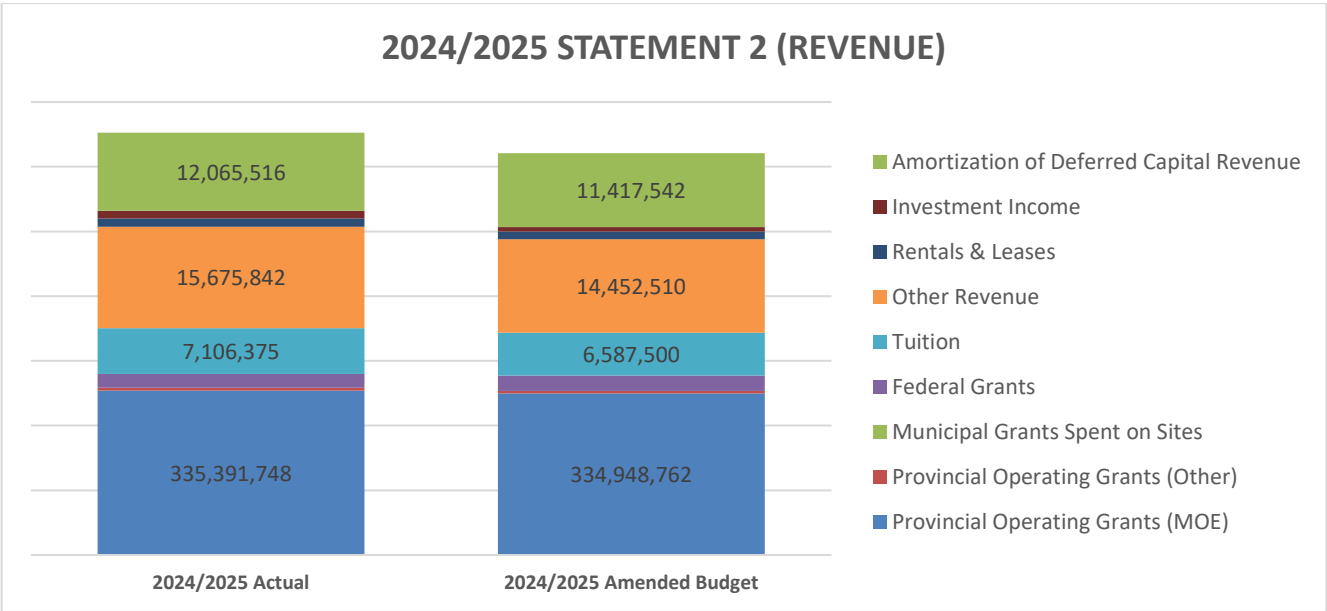
Tuition and Federal Grants – Enrolment in the International Education Student program remains strong with a total of 418 FTE enrolled in 2024/2025 (415 in 2023/2024). This program continues to fund enhancements throughout the District including additional teachers to reduce class size and to support middle and secondary schools as well as additional discretionary funding for schools.

With the increase in refugee and immigrant families to the Central Okanagan, the District continues to apply for and receive approval for additional Settlement Worker in Schools (SWIS) funding (\$1.6M) from the federal government to support this growth. As well, in the 2024/2025 school year, schools applied for \$452K of Jordan's Principle funding from Indigenous Services Canada to provide products, services and supports to Indigenous students.

Other Revenue –The Board of Education approved a \$50 per student increase to the per student transportation fee effective July 1, 2024. As well, ridership increased by 340 riders over the prior school year.

Rentals and Leases – During the year, there were no changes to the rental rates however, the number of hours rented to the community increased by approximately 6% compared to prior year.

The following graph compares the 2024/2025 Amended Budget for Operating Revenue to the actual Operating Revenue received in the 2024/2025 school year.



Expenditure Overview

As discussed at the September 18, 2024, Finance and Planning Committee meeting, there were many inflationary costs that exceeded the budget when the June 30, 2024, audited financial statements were presented resulting in a budget pressure of approximately \$2.2 million. Senior staff worked collaboratively to identify the above \$2.2M in savings. Where possible, unfilled positions were left vacant to avoid direct impact to existing positions.

British Columbia's Consumer Price Index (CPI) rose 1.9% year over year between June, 2024 and June, 2025 which significantly impacted the costs of goods and services noted in this fiscal year. The District is experiencing this cost escalation in many areas including software costs, insurance and repairs and maintenance. The District was also particularly impacted by increased extended health and dental rates for all employee groups.

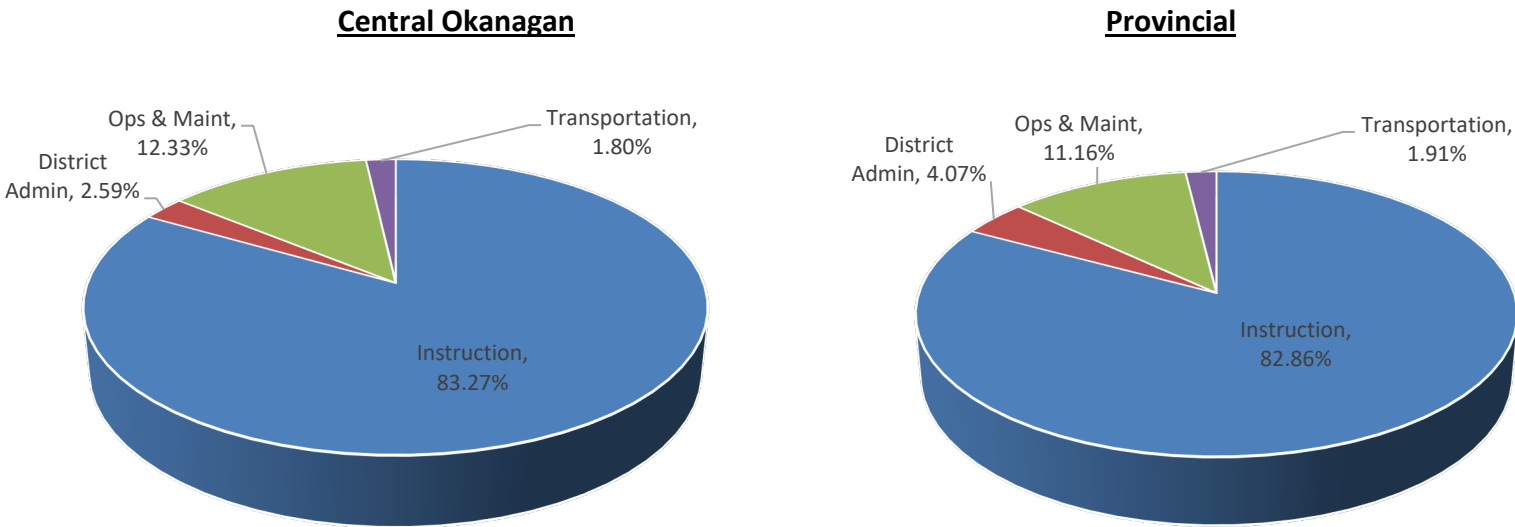
Effective July 1, 2024, the contract increases for both COTA and CUPE were a grid increase of 2% plus 1% cost of living allowance, all fully funded. The Ministry of Education and Child Care also fully funded an increase for principals, vice principals and excluded staff.

Since the COVID-19 pandemic, employee illness costs continue to trend high. As at June 30, 2025, total illness costs exceeded the 2024/2025 Amended Budget by \$1.6M (\$1.3M in the prior year). This has resulted in additional illness days being added to the 2025/2026 Annual Budget.

The demand for technology hardware, software and system utilization continues at a rapid pace across all areas of our business. The District continued to focus resources on adding technology to the classrooms to support education and enhance learning.

The overall composition of operating expenses has not significantly changed from the previous year. 88% of the District's operating expenses are dedicated to salaries and benefits. Benefits include the employer portion of CPP and EI, payments for the employer health tax, WorkSafeBC, and pension plan contributions, and dental and health benefits. Increased staffing and increased extended health and dental premiums resulted in increased benefit costs.

As illustrated in the chart below, comparing the 2024/2025 Amended Budget expenses by category, instruction remains the largest expenditure for the District, with the majority of costs consisting of salaries and benefits for teachers. This is consistent with the provincial composition. Transportation is highly dependent on the size of the District, the number of bus drivers required to service the area and the access to alternative public transportation.



Other specifics noted below regarding events and transactions that occurred in the 2024/2025 fiscal impacting the variance from what was included in the Amended Budget.

Instruction

- Staff received a 2% grid + 1% COLA (cost of living allowance) increase effective July 1, 2024.
- The average teacher and principal/vice principal costs increased over the prior year. This is due to the salary % increase mentioned above, expected grid progressions, plus an increase in overall benefit costs.
- Additional teacher and CEA FTE was added over the prior year to support student growth and classroom complexity.
- Net illness and replacement costs were \$1.1M higher than budgeted, due to increased viral illness and societal changes after the COVID-19 pandemic where employees are advised to stay at home when ill.
- Across all departments, inflation continues to cause increased costs of services and supplies.

District Administration

- Staff received a 2% grid + 1% COLA (cost of living allowance) increase effective July 1, 2024.
- Across all departments, inflation continues to cause increased costs of services and supplies.

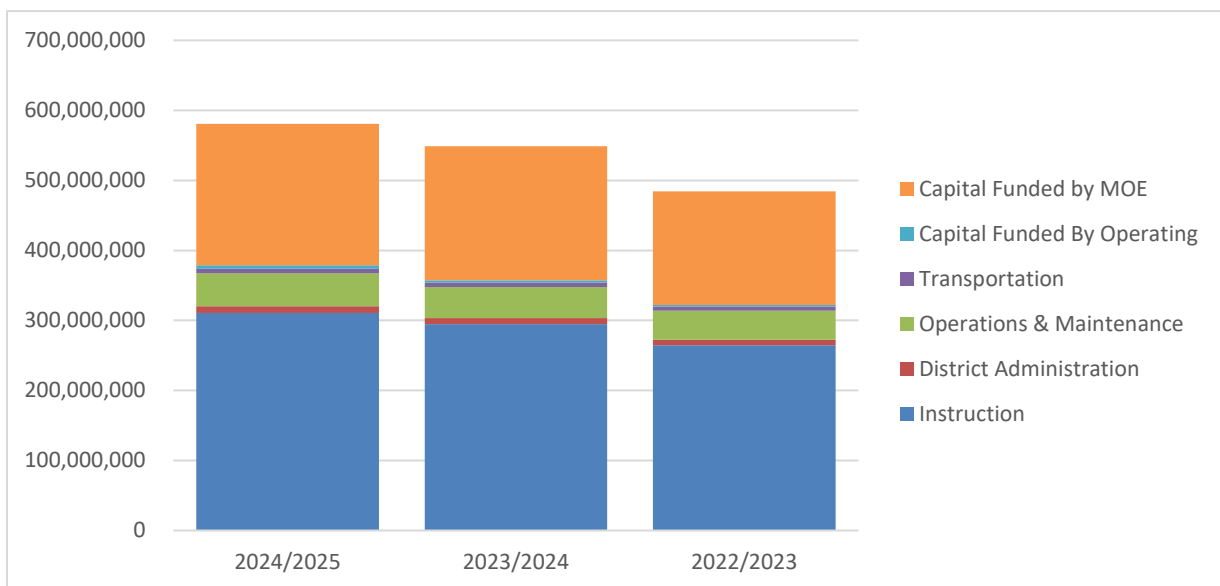
Operations and Maintenance

- Staff received a 2% grid + 1% COLA (cost of living allowance) increase effective July 1, 2024.
- In the current year, less was recovered from schools and/or departments compared to budget. This is because the Operations Department continues to focus on maintenance of District buildings.
- Due to timing, portable relocation costs were higher than budgeted.
- With continued cost escalation, electrical, mechanical and carpentry and custodial costs were higher in the current year than budgeted.
- Across all departments, inflation continues to cause increased costs of services and supplies.

Transportation

- Staff received a 2% grid + 1% COLA (cost of living allowance) increase effective July 1, 2024.
- Two new bus routes were added in the current year to support an increase in student ridership.
- The District recovered more field studies related costs from schools compared to budgeted.
- Across all departments, inflation continues to cause increased costs of services and supplies

The graph below compares the total spending by category for the last three (3) years and includes the Ministry of Education and Child Care's funded capital projects. Since the 2022/2023 fiscal year, total spending to deliver services has increased by approximately 5.82% with Ministry of Education and Child Care's funded capital projects increasing by 5.33%.

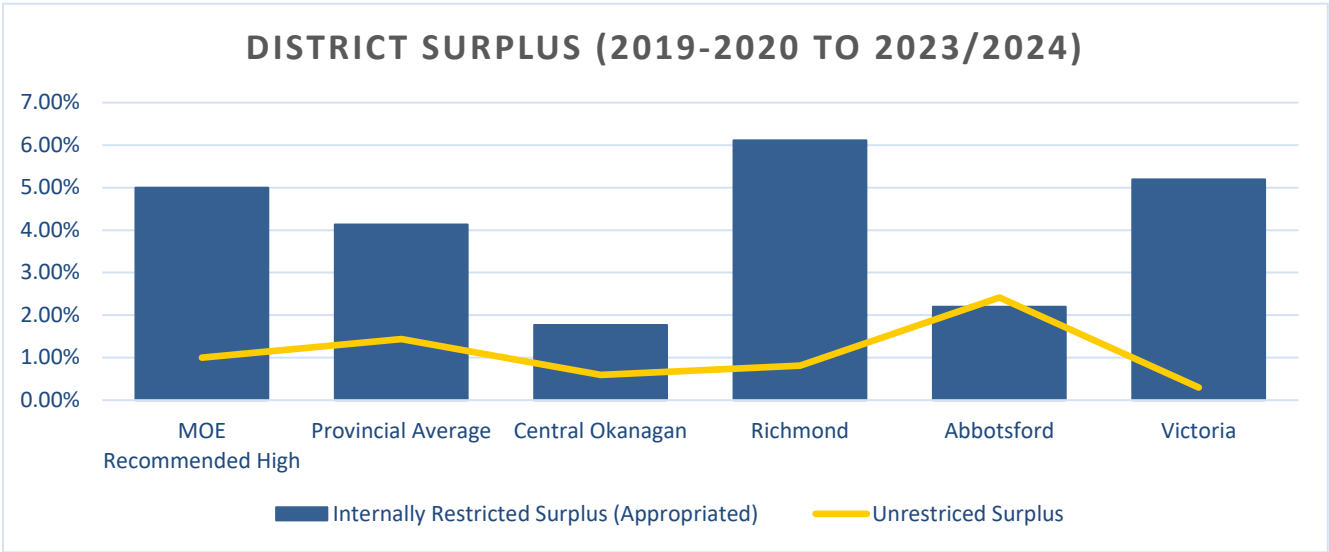


Reserves Overview

The Board of Education is responsible for ensuring the District is protected financially from forecasting risk and unforeseen circumstances.

Changes in Surplus – one of the key indicators of the financial health of an organization is the accumulated operating surplus. This indicator takes Accumulated Surplus from Operations (District's accumulated revenue in excess of expenses over time) and is compared to expenditures to determine the District's ability to react to emergent situations and the ability to fund special initiatives.

The Ministry recommends ranges of 2.5-5% for internally restricted surplus and 0.5-1% for unrestricted surplus. As illustrated in the graph below, when compared to the Province and other comparable size District's, Central Okanagan is maintaining an unrestricted surplus within the acceptable range while the internally restricted surplus is well below the acceptable range. This will continue to be monitored in the next fiscal year.



Internally Restricted Surplus - For the 2024/2025 fiscal year, the District's internally restricted surplus represents 0.66% of total operating expenses, compared to 1.16% in 2023/2024. This is significantly below the Ministry's recommended range of 2.5–5%. The decrease from the prior year is largely due to ongoing cost increases and higher illness-related expenses. As a result, schools were not able to carry forward their unspent discretionary funds into 2025/2026.

Unrestricted Surplus - For the 2024/2025 fiscal year, the District's unrestricted surplus represents 0.93% of total operating expenses, compared to .21% in 2023/2024. This is within the Ministry's recommended range of .5–1%. The increase is primarily the result of schools and departments reducing spending between April and June 2025 at the District's request.

Conclusion

Overall, as of June 30, 2025, the District has stable financial health when evaluated against comparable sized districts and the Province. This is illustrated throughout this report, including a working capital ratio above one and a high percentage in changes in capital assets. This indicates the District appropriately maintains tangible capital assets, however; due to unfunded inflationary costs, the District's 2024/2025 unrestricted surplus is within the recommended Ministry range. Going forward, the District will need to remain financially responsible and prudent, with a focus on rebuilding its internally restricted surplus to fall within the Ministry's recommended range.

This stable financial position is the result of strong financial management, careful planning, and effective governance, despite mounting budget pressures and rising operating costs from inflation.