



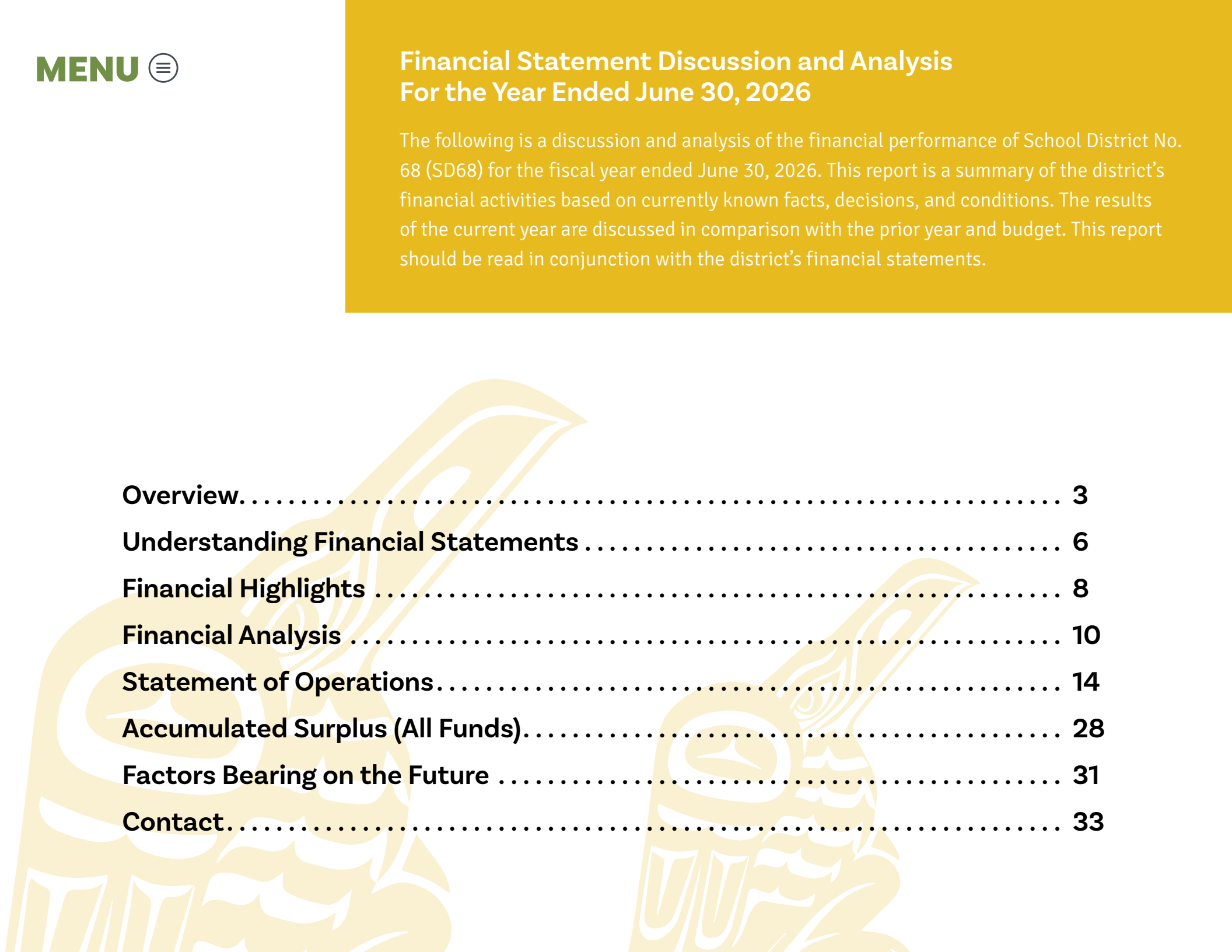
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2026

395 WAKESIAH AVENUE, NANAIMO, BC V9R 3K6 • WWW.SD68.BC.CA

Financial Statement Discussion and Analysis For the Year Ended June 30, 2026

The following is a discussion and analysis of the financial performance of School District No. 68 (SD68) for the fiscal year ended June 30, 2026. This report is a summary of the district’s financial activities based on currently known facts, decisions, and conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the district’s financial statements.



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NANAIMO LADYSMITH PUBLIC
SCHOOLS RESIDES WITHIN THE
TRADITIONAL TERRITORIES OF THE
SNUNEYMUXW, SNAW-NAW-AS AND
STZ'UMINUS FIRST NATIONS.



Overview of School District 68 (Nanaimo Ladysmith Public Schools)

Nanaimo Ladysmith Public Schools (NLPS) is the second largest school district on Vancouver Island and resides within the traditional territories of the Snuneymuxw, Snaw-naw-as and Stz'uminus First Nations. In addition, NLPS is a proud community partner with the Tillicum Lelum Aboriginal Friendship Centre and the Mid Island Metis Nation.

District enrolment is approximately 16,357 (including 440 international students), with approximately 2,597 students identifying as Indigenous and 1,814 students with designations. The district offers a full range of programs from kindergarten to grade 12 with additional programs for pre-school and adult learners. There are twenty-eight elementary schools, eight secondary schools (including Learning Alternatives and Career Technical Centre), and one distributed learning school - Island Connect Ed (K-12), and approximately 2,200 employees.

The district encompasses the City of Nanaimo, the towns of Ladysmith and Lantzville, Gabriola Island, North Oyster, Cedar, and many other communities which represent a population of 132,623 (2021 census), and we are one of the fastest growing communities in Canada. The district's annual consolidated budgeted expense (Statement 2 of the financial statements) is \$236 million.

FUNDED HEADCOUNT ENROLMENT BY GRADE

	Kindergarten	Primary	Intermediate	Secondary	Other	Total
All Students	899	3,203	4,824	7,385	46	16,357
Indigenous Students	134	505	785	1,173	-	2,597
Students with designations	37	204	619	954	-	1,814

Note: All of the info above was obtained from the 1701 Report as at September 30, 2025



FUNDED FTE ENROLMENT AND OPERATING FUNDING

Year	September Enrolment	Full Year - School Aged	Full Year - Adult	Full Year Total FTE	Full Year Operating Grant *	Adj by Ministry **	Total Operating Grant	Per Pupil
2021-22	14,770.750	14,951.575	8.625	14,960.200	\$144,613,980	16,108	\$144,630,088	\$9,668
2022-23	14,915.375	15,115.563	11.375	15,126.938	\$147,199,907	(210,541)	\$146,989,366	\$9,717
2023-24	15,036.563	15,258.438	16.188	15,274.625	\$164,224,574	-	\$164,224,574	\$10,751
2024-25	15,280.688	15,524.563	12.250	15,536.813	\$174,164,283	-	\$174,164,283	\$11,210
2025-26	15,282.625	15,504.828	18.375	15,523.203	\$177,401,817	-	\$177,401,817	\$11,428

Note 1 - This is the full year Operating Grant per the Ministry Operating Grant Summary which can be found at:

<https://www2.gov.bc.ca/gov/content/education-training/k-12/administration/financial-management/k-12-funding-and-allocation/operating-grants/k12funding-25-26>

Note 2 - The Ministry may adjust the grant but not reflect it on the summary document, resulting in a difference to what is reported on the year-end financial statements. In 2022/23 the difference was due to the enrolment audit.

STRATEGIC PLAN

Nanaimo Ladysmith Public School’s 2024-2028 Strategic Plan defines the key areas of focus as we work together to support student learning to achieve our goals and objectives.

GUIDING WISDOM

SYEYUTSUS RECONCILIATION FRAMEWORK

Through the Syeyutsus Framework, themes, values, and teachings of Indigenous Peoples include:

- The underpinnings of knowledge are the land, language, and culture.
- The land is our teacher.
- We are all one family.
- It is important to live with balance, honour, respect, courage, and vulnerability.
- It is vital that we establish a sense of belonging and connectedness to each other and the environment.
- We are all connected.
- We use holistic approaches that include mental, physical, emotional, and spiritual lenses.

ENVIRONMENTAL STEWARDSHIP

The goals of this Strategic Plan reflect our commitment to engage in environmentally sustainable practices within our schools and classrooms, as well as across the broader system. We are committed to responding to the climate crisis with actions informed by Indigenous knowledge and western science. This will maximize positive outcomes over generations, integrating our [Environmental Stewardship Action Plan \(ESAP\)](#) to ensure every aspect of our operations contributes to a greener and more sustainable future.

VISION & MISSION

VISION STATEMENT - Guided by our commitment to Justice, Equity, Diversity, and Inclusion (JEDI) principles and the Syeyutsus Reconciliation Framework for Truth and Reconciliation, our vision in Nanaimo Ladysmith Public Schools (NLPS) is to create an inclusive and equitable learning community where every individual thrives.

MISSION STATEMENT - NLPS is committed to multiple approaches and pathways to success for all students. Students will imagine, reflect, and innovate within a safe, equitable, and responsive learning environment that develops their academic, social, and emotional growth and holistic well-being.

JEDI STANCE

Justice, Equity, Diversity, Inclusion (JEDI)

- **Justice** the right to be treated and the responsibility to treat others with fairness and a fair process that meaningfully addresses barriers.
- **Equity** to identify, remove and prevent systemic barriers and discriminatory practices.
- **Diversity** a representation of people’s identities and experiences, collectively and as individuals.
- **Inclusion** feeling welcomed, valued, safe and a sense of belonging to participate freely with respect, dignity, and freedom from discrimination.



BOARD GOALS

STUDENT SUCCESS

- Increase literacy success rates for all students.
- Increase numeracy success rates for all students.
- Increase graduation rates for students: who identify as Indigenous, who have disabilities and diverse abilities, and/or are Children and Youth in Care.

STUDENT AND EMPLOYEE WELLNESS

- Increase the number of students who feel welcome, safe and have a sense of belonging in their school.
- Increase the number of employees who feel valued and/or engaged.

TRUTH & RECONCILIATION

- Increase awareness of and access to resources available to support hul'q'umi'num language learning.
- Create and share district wide, Syeyutsus Principles of Teaching & Learning.

Understanding School District 68 Financial Statements

The district uses fund accounting and deferral accounting and each of its funds has certain restrictions in accounting for funds received and expended. These methods are primarily used in the public sector where the goal is to avoid budget deficits while providing the greatest benefit to the public by strategically allocating the resources that are available. In this respect, school districts are expected to ensure that available funds are being used in the most efficient way possible to maximize the potential benefit of each dollar and in the specific manner for which they were intended.

The district's financial statements include the following audited statements:

Statement of Financial Position (Statement 1)

- Presents the district's financial assets, liabilities, net assets, and accumulated surplus as of June 30 of each year.

Statement of Operations (Statement 2)

- Summarizes the district's revenues, expenses, and surplus (deficit) from July 1, 2025 to June 30, 2026. This statement is reported as a consolidation of the three funds: Operating, Special Purpose, and Capital.

Statement of Remeasurement Gains and Losses (Statement 3)

- Shows unrealized gains and losses on portfolio investments. These amounts are reported separately to distinguish changes in market value from the District's operating results and annual surplus (deficit).

Statement of Changes in Net Financial Assets (Debt) (Statement 4)

- Explains the difference between the annual surplus or deficit and the change in net financial assets (debt).

Statement of Cash Flows (Statement 5)

- Shows cash inflow and outflows through operational, capital, financing, and investment activities.

The notes to the financial statements provide information regarding the district's accounting policies and details what is included in the account balances in the financial statements. Following the notes to the financial statements are supplementary unaudited schedules that provide information about the individual funds.

CHANGES IN ACCUMULATED SURPLUS (DEFICIT) (SCHEDULE 1)

- Summarizes the surplus (deficit) for the year and accumulated surplus balances for each of the three funds: Operating, Special Purpose, and Capital. Also included is the accumulated remeasurement gains (losses). These amounts do not represent actual surplus (deficit); rather, they reflect unrealized fluctuations in the market value of investments.

OPERATING FUND (SCHEDULE 2)

- Includes revenues and expenses related to the operation of the district, including school and administrative functions.
- School districts are not permitted to budget for or incur an accumulated deficit position.
- Accumulated surpluses can be used if planned expenditures for the year are estimated to exceed revenues thus balancing the budget, for future expenditures, multi-year initiatives not able to be funded by the annual operating grant.

SPECIAL PURPOSE FUND (SCHEDULE 3)

- Includes funding that is restricted for a specific purpose and school generated funds.
- Surplus for the year and Accumulated Surplus are always zero because revenues are only recognized when the related expenditures occur (deferral accounting).
- Any special purpose funds that are unspent at the end of the year remain with the district and are referred to as deferred revenue. Deferred revenue may be used in the following fiscal year, but only spent in accordance with their original intended purpose. Funding parties do have the ability to request unspent revenue to be returned, however this rarely occurs.
- If expenditures in a year exceed revenues, the resulting deficit is transferred to the Operating or Capital Fund in that year, depending on the nature of expenditures.

CAPITAL FUND (SCHEDULE 4)

- Includes financial activities related to tangible capital assets.
- Capital funding from the province is accounted for using deferral accounting, whereby capital revenue is recorded in the financial statements over the life of the related asset in order to match the amortization expense. Therefore, capital fund revenue is not equal to the actual capital funding received in a year.
- Capital fund revenues, expenses and surplus (deficit) for the year are not meaningful measurements of financial performance.



CATEGORIES OF EXPENSE

The Ministry of Education and Child Care provides direction as to how Revenues and Expenses are to be captured and reported within our financial system and on our financial reports. Our General Ledger is set up under these parameters in alignment with all school districts in the province, allowing the Ministry to consolidate them up into their financial statements, and report out to the public on the sector as a whole.

For reference purposes Ministry requires that we segregate costs within our General Ledger and report these costs under the following segments: Funds, Functions, Programs and Objects and examples of each segment, applicable to district expenses, are provided below.

FUNDS

Operating, Special Purpose (each unique Special Purpose Fund has its own Fund identifier) and Capital (Includes the Capital and Local Capital Funds).

FUNCTIONS

Instruction, District Administration, Operations and Maintenance, and Transportation and Housing.

PROGRAMS

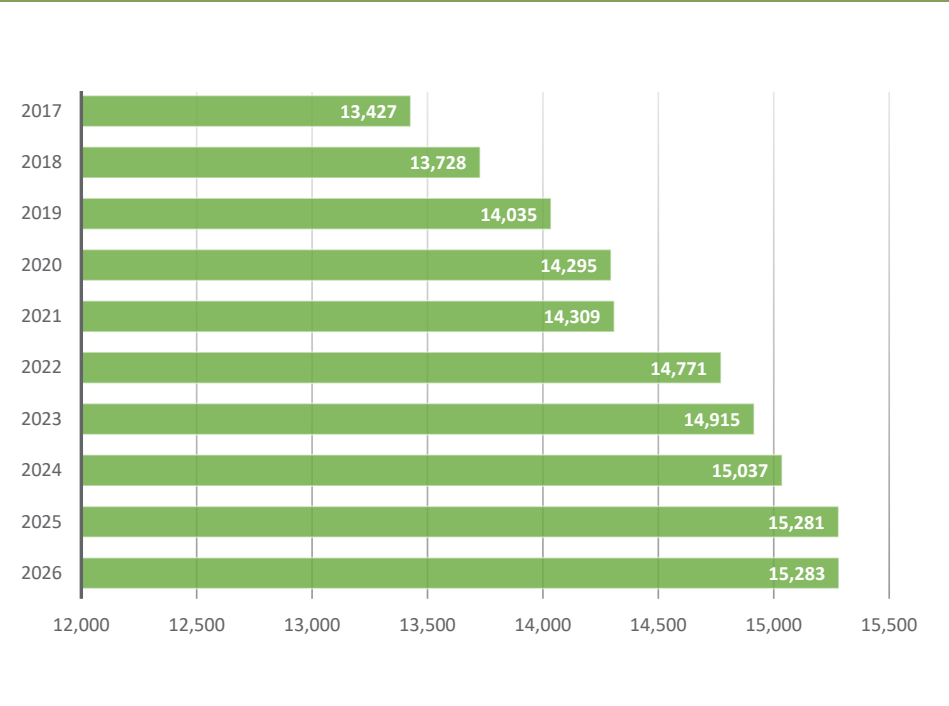
Instruction, Career Programs, Library, Counselling, Special Education, Early Learning and Child Care, English Language Learners, Indigenous Education, School Based Administration, International Students, School District Governance, District Administration, Maintenance and Operations, Grounds Maintenance, Transportation, and Utilities.

OBJECTS

Salaries broken into categories of Teachers, Administrative Officers (Principals/Vice Principals), Education Assistants, Support Staff (includes all but EA's), Other Professional (Trustees and Excluded Staff), Substitutes (includes replacement and release time), Employee Benefits, Services, Student Transportation, Professional Development and Travel, Rentals and Leases, Dues & Fees, Insurance, Interest, Supplies, and Utilities.

Financial Highlights

SEPTEMBER FTE ENROLMENT BY FISCAL YEAR



ENROLMENT (FTE) PER MINISTRY OF EDUCATION

September	2025-26	2024-25	Difference
Standard (Regular) Schools	14,742.00	14,706.81	35.19
Continuing Education	1.25	1.13	0.13
Adult Education	6.75	4.13	2.63
Alternate Schools	272.00	272.00	0.00
Distributed Learning	260.63	296.63	(36.00)
Total Enrolment	15,282.63	15,280.69	1.94

Included in Total Enrolment (categories that receive additional per student funding)			
Designated Students	1,020.00	983.00	37.00
English Language Learning	839.00	907.00	(68.00)
Indigenous Education	2,597.00	2,568.00	29.00

Note - the number of designated students on pg3 differs from the chart above, as that chart is all students, and the chart above is just the designated students that trigger the additional funding in this category.

In comparison to 2024-25, the district saw an increase in enrolment of 1.94FTE, and a \$3.2M (1.82%) increase in the Ministry of Education and Child Care operating grant. 2025-26 also included several significant capital asset transactions including the following:

- Completion of the Qwam Qwum Stuwixwuhl School Child Care Facility, and continuous work on the childcare facilities at Seaview Elementary, Ecole Quarterway, Cilaire Elementary, and Pleasant Valley Elementary.
- Completion of the Wellington Secondary pre-fab classroom addition project, and continuous work on the Chase River Elementary pre-fab classroom addition project.
- Commencement of the Ladysmith Primary School pre-fab classroom addition project as well as the Ladysmith Intermediate replacement project.
- Completion of the John Barsby Secondary and Forest Park Elementary building envelope projects.
- Commencement of facilities electrical infrastructure upgrades.
- Completion of Mountain View Elementary phase 1 HVAC upgrades.
- Purchase of various vehicles/equipment including one cargo van, a hydraulic lift, and a few used busses.
- Purchase of four new busses
- Various building upgrades, including roofing, flooring, and exterior painting.
- Continuous investment in network and classroom technology.

CHASE RIVER PRE-FAB ADDITION



SEAVIEW DAYCARE



**NANAIMO-LADYSMITH SCHOOLS FOUNDATION
EQUIPMENT UPGRADES**



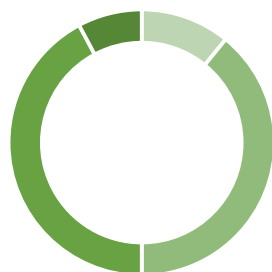
WELLINGTON PRE-FAB ADDITION



EV FLEET UPGRADE

Financial Analysis

Financial Position Allocation



- Total Financial Assets (25-26: 11%; 24-25: 11%)
- Total Non-Financial Assets (25-26: 39%; 24-25: 39%)
- Total Financial Liabilities (25-26: 42%; 24-25: 42%)
- Accumulated Surplus (25-26: 8%; 24-25: 8%)

Statement of Financial Position Summary				
	2025-26	2024-25	\$ Change	% Change
Financial Assets	65,378,427	59,323,089	6,055,338	10.21%
Non-Financial Assets	235,626,761	219,550,109	16,076,652	7.32%
Total Assets	301,005,188	278,873,198	22,131,990	7.94%
Liabilities	254,021,597	231,981,269	22,040,328	9.50%
Accumulated Surplus	46,983,591	46,891,929	91,662	0.20%

FINANCIAL ASSETS

Financial Assets include cash and cash equivalents, receivables, and portfolio investments. The increase in financial assets from 2024-25 was primarily attributable to changes in the following District accounts:

Increase of \$3.0 million in receivables from the Ministry of Education and Child Care. This is primarily due to a \$1.1 million accrual related to pending CUPE labour settlement funding, as well as larger capital projects in progress at June 30, 2026, compared to June 30, 2025.

- Increase of \$536,000 in receivables related to Local Education Agreement (LEA) Funding. Upon receipt of the nominal roll in June, a final reconciliation of LEA billing is completed. Prior to this reconciliation, billings are based on the previous year's data. The increase is attributable to growth in FTE enrolment for both Snuneymuxw and Stzuminus First Nations, as well as an increase in the First Nation student rate from the prior year.
- Increase of \$3.2 million in investments. This increase reflects the reinvestment of an 18-month GIC upon maturity, together with the purchase of a \$3.0 million RBC Principal Protected note.
- Increase of \$1.2 million in other receivables. This increase is primarily due to growth in the benefit surplus balance held with Public Education Benefits trust (PEBT) and Pacific Blue Cross (PBC).
- Decrease of \$1.9 million in cash and cash equivalents. This decrease is primarily attributable to the \$3.0 million investment purchase. Deferred capital revenue and deferred revenue remained relatively stable, indicating that most special purpose and capital funds received during the year were expended. This was partially offset by an operating surplus of \$304,000 and an increase of approximately \$629,000 in the Local Capital balance.

NON-FINANCIAL ASSETS

Non-financial assets include tangible capital assets and prepaid expenses.

Prepaid Expenses increased by \$152,000 from prior year. This increase is primarily attributable to higher prepaid International Student Education agent fees (\$78,000), and prepaid Information Technology contracts (\$163,000), partially offset by a decrease in other prepaid expenses (\$89,000). The decrease in other prepaids reflects the recognition of the annual expense (\$70,000 per year) related to the districts \$700,000 contribution toward the Harewood Centennial Park turf field project constructed by the City of Nanaimo.

NON-FINANCIAL ASSETS CONT.

Tangible capital assets (TCA) are used in providing district services and include buildings, furniture and equipment, technology, and vehicles that have been purchased, constructed, or contributed to the district. The increase in non-financial assets is primarily related to the increase in TCA with capital asset additions totalling approximately \$28.4 million net annual amortization expense of \$13.1 million.

Capital assets are acquired using various funding sources including operating funds, other grants, Ministry capital grants authorized under certificate of approvals, and the district's Local Capital Fund. Projects that are not completed by fiscal year-end are recorded as Work in Progress (WIP). Upon completion, the accumulated project costs are transferred from WIP to the applicable tangible capital asset category.

2025-26 Capital Additions by Funding Source							
Funding Source	Sites	Buildings	Furniture & Equipment	Vehicles	Software	Hardware	Total
Ministry of Education and Child Care - Bylaw *	-	18,173,014	533,609	921,359	-	66,183	19,694,165
Other Grants **	-	2,263,283	2,576,727	-	-	-	4,840,010
Operating Fund	-	-	613,843	-	-	795,236	1,409,079
Special Purpose Funds	-	40,553	497,164	-	-	67,140	604,857
Local Capital	-	386,913	786,436	109,091	-	653,629	1,936,069
Total	-	20,863,763	5,007,779	1,030,450	-	1,582,188	28,484,180
<i>This information is a total of the additions found on schedule 4A and 4B of the financial statements by funding source</i>							

*Ministry of Education and Child Care Bylaw funds are funds received as part of the major and minor capital plan submissions

** Other Grants are primarily ChildCare BC New Spaces funds received from the Ministry of Education and Child Care for the construction of child care spaces, ZETF Funds for an electric bus, and the City of Nanaimo q'unq'inuqstuxw stadium improvements.

Total 2025-26 TCA additions (including WIP) and their funding sources include the following:

Project	Ministry Capital and Annual Facilities Grant Bylaw	Other Grants	Operating Fund	Special Purpose Funds	Local Capital	Total 2025-26 Expenditures	Previous year's Expenditures	Total Spent to Date *
Chase River pre-fab classroom addition	6,463,000					6,463,000	590,854	7,053,854
Wellington pre-fab classroom addition	5,918,762					5,918,762	1,694,327	7,613,088
q'unq'inuqstuxw stadium improvements (City of Nanaimo)		2,574,626				2,574,626	429,099	3,003,725
Child care studios - Chase River, Qwam Qwum Stuwixwuhl, Seaview, Quarterway, Cilaire, Pleasant Valley, Rock City		1,906,675			30,061	1,936,736	2,399,928	4,336,664
Information Technology - chromebooks, laptops, ipads, document cameras, projectors, monitors, docking stations			795,236	67,140	558,811	1,421,187		1,421,187
School busses	921,359					921,359	-	921,359
Electrical infrastructure upgrades	435,924	358,709				794,633	52,499	847,132
Other projects including site servicing, facility upgrades, mechnaical and eletrical system upgrades and functional improvements	774,017					774,017	67,400	841,417
Ladysmith Primary pre-fab addition	766,692					766,692	99,041	865,732
Mountain View HVAC	701,690					701,690	34,503	736,194
Roofing - various locations	650,640					650,640	10,086	660,726

(Continued on next page)



Project	Ministry Capital and Annual Facilities Grant Bylaw	Other Grants	Operating Fund	Special Purpose Funds	Local Capital	Total 2025-26 Expenditures	Previous year's Expenditures	Total Spent to Date *
WiFi Upgrades - various locations	231,784				326,692	558,476	419,708	978,184
Various furniture & equipment including chairs, tables, blinds, white boards, carpets, speakers/audio system, bus video surveillance, Dover Bay welder, chairs, gym equipment			468,641	14,165		482,806		482,806
John Barsby interior construction upgrades	427,930					427,930	87,188	515,118
Cafeteria equipment including Cedar Secondary commercial dishwasher, NDSS food trailer, Woodlands dishwasher, HVAC upgrades and walk in freezer, LSS Refrigerated display case				408,905		408,905		408,905
Rutherford school opening equipment					337,721	337,721	229,525	567,246
Wellington interior renovation	320,865					320,865	4,869	325,733
3 used busses, 1 vehicle lift, 1 cargo van, 2 genie lifts					214,037	214,037		214,037
Rutherford interior renovation	196,282					196,282	616,396	812,678
Outdoor learning projects	138,611			18,125	37,807	194,542	813	195,355
John Barsby building envelope	169,297					169,297	528,075	697,372
Fire alarm replacements	164,479					164,479	15,753	180,232
Cedar Elementary and McGirr drainage upgrades	160,772					160,772	-	160,772
Quarterway portable HVAC	156,426					156,426	2,500	158,926
Learning studio V6					144,728	144,728	38,865	183,593
Rutherford exterior wall systems repair	143,310					143,310	-	143,310
Dover portable renovation	129,029					129,029	-	129,029
Forest Park building envelope	117,661					117,661	933,494	1,051,155
Randerson field drainage	74,315				33,664	107,979	82,184	190,163
Various secondary school kitchen upgrades	100,000					100,000	-	100,000
Accessibility projects - North Oyster fencing, Wellington electric door system, Cilaire wall mounted lift, Dover paving	30,395				67,748	98,143		98,143
Forest Park boiler replacement	95,137					95,137	103,477	198,614
Flooring - various locations	86,488					86,488	1,554	88,042
Dufferin boiler replacement	80,379					80,379	149,997	230,376
Frank J Ney DDC upgrades	58,078			17,360		75,438		75,438
AED's/CPR training supplies			65,961			65,961		65,961
Ladysmith Intermediate replacement	61,606					61,606	191,017	252,623
John Barsby video surveillance					44,407	44,407		44,407
recycling systems for schools					43,674	43,674		43,674
Cedar Secondary basketball court improvements	32,311			9,500		41,811		41,811
Ecole Hammond Bay expansion	39,607					39,607	12,772,109	12,811,716
Ecole North Oyster seismic planning					38,267	38,267	116,566	154,833
NDSS hallway seating					33,453	33,453		33,453
Chase River logo sculpture			30,000			30,000		30,000
Board room furniture			25,679			25,679		25,679
Mountain View building envelope	25,428					25,428	2,287,727	2,313,155
Wellington totem pole					25,000	25,000		25,000
Irrigation controls			23,562			23,562		23,562
Ecole Hammond Bay Elementary effluent line	21,892					21,892	152,078	173,971
Rutherford playground equipment				20,000		20,000		20,000
Harewood gym furnace replacement				17,402		17,402		17,402
Ladysmith Secondary weight room flooring				15,000		15,000		15,000
John Barsby portable built in cabinets				11,800		11,800		11,800
Quarterway kiosk				5,460		5,460		5,460
Total	19,694,165	4,840,010	1,409,079	604,857	1,936,069	28,484,180	24,111,635	52,595,814

Total spent to date is the total spent on the specific projects being worked on in 2025-26 not total spent historically (for e.g. the Wi-Fi upgrades total spent to date includes the total spent in previous year's on projects that were still underway during 2025-26 but does not include the total investment the district has made on Wi-Fi initiatives)

LIABILITIES

Liabilities are obligations of the district arising from prior transactions or events, the settlement of which will require the use of current or future financial assets. The increase in liabilities from 2024-25 was primarily attributable to changes in the following accounts:

- Increase of \$16.1 million in deferred capital revenue. Deferred capital revenue represents funding received for capital projects that has not yet been recognized as revenue, as capital funding is recognized over the useful life of the related asset rather than when the funds are received. The increase is primarily attributable to additional capital funding received from the Ministry of Education and Child Care for capital projects.
- Increase of \$4.6 million in accounts payable and accrued liabilities. This increase is primarily due to higher trade payables and construction holdbacks (\$3.0 million) resulting from the increased size and number of capital projects underway at June 30, 2026. Salaries, benefits, and vacation liabilities also increased by 1.6 million, primarily due to the accrual for the CUPE retroactive pay.
- Increase of \$608,000 in the asset retirement obligation liability. This increase resulted from a 2.3% inflationary adjustment applied to the prior year's estimate.
- Increase of \$492,000 in other liabilities. This increase is primarily attributable to higher international student education homestay fees collected, resulting from both an increase in fee rates and an increase in the number of students for whom fees had been collected as at June 30, 2026 compared to the prior year.

ACCUMULATED SURPLUS

[See page 29](#) for details on the districts year-end surplus balance.

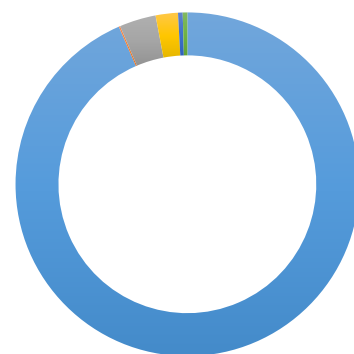


Statement of Operations

The Statement of Operations is a summary of the revenues and expenses from all three funds. Given the different accounting treatment for each of the funds, the Operating, Special Purpose, and Capital Funds are presented and analyzed separately.

Statement of Operations 2025-26				
	Operating Fund	Special Purpose Fund	Capital Fund	Total
Revenues				
Provincial Grants				
Provincial Grants - Ministry of Education & Childcare	181,377,426	27,685,353	270,464	209,333,243
Provincial Grants - Other	244,120	143,118	-	387,238
Tuition	7,067,405	-	-	7,067,405
Other Revenue	4,811,740	4,220,911	-	9,032,651
Rentals and Leases	953,541	-	-	953,541
Investment Income	825,770	64,453	229,613	1,119,836
Amortization of Deferred Capital Revenue	-	-	8,420,091	8,420,091
Total Revenues	195,280,002	32,113,835	8,920,168	236,314,005
Expenses				
Instruction	160,911,029	29,786,807	-	190,697,836
District Administration	7,541,271	407,123	-	7,948,394
Operations and Maintenance	20,325,205	985,551	13,707,214	35,017,970
Capital Lease Interest	-	-	37,286	37,286
Transportation and Housing	2,315,860	329,497	-	2,645,357
Total Expenses	191,093,365	31,508,978	13,744,500	236,346,843
Net Transfers (to) from other funds				
Tangible Capital Asset Purchased	(1,409,079)	(604,857)	2,013,936	-
Local Capital Transfer	(2,313,846)	-	2,313,846	-
Other	(159,908)	-	159,908	-
Total Surplus (Deficit) for the year	303,804	-	(336,642)	(32,838)
				-
Surplus (Deficit), beginning of year	12,386,676	-	34,505,253	46,891,929
Surplus (Deficit), end of year	12,690,480	-	34,168,611	46,859,091

REVENUES



- Provincial - Ministry of Education & Child Care (25-26: 93.5%; 24-25: 93.5%)
- Provincial - Other (25-26: 0.1%; 24-25: 0.1%)
- Tuition (25-26: 3.5%; 24-25: 3.4%)
- Other Revenue (25-26: 2.1%; 24-25: 1.9%)
- Rentals and Leases (25-26: 0.4%; 24-25: 0.5%)
- Investment Income (25-26: 0.4%; 24-25: 0.6%)

The following chart provides comparisons of 2025-26 actual operating revenues to 2025-26 annual amended budget amounts and 2024-25 actual. This information can be found on Schedules 2 and 2A in the financial statements.

2025-26 Operating Revenues					2024-25 Comparator		
	2025-26 Budget	2025-26 Actual	\$ Change	% Change	2024-25 Actual	\$ Change	% Change
Provincial Grants - Ministry of Education & Childcare	176,434,881	181,377,426	4,942,545	2.8%	175,116,838	6,260,588	3.6%
Provincial Grants - Other	245,416	244,120	(1,296)	(0.5%)	257,741	(13,621)	(5.3%)
Tuition	6,485,000	7,067,405	582,405	9.0%	6,394,970	672,435	10.5%
Other Revenue	3,952,784	4,811,740	858,956	21.7%	3,619,459	1,192,281	32.9%
Rentals and Leases	830,000	953,541	123,541	14.9%	901,378	52,163	5.8%
Investment Income	815,000	825,770	10,770	1.3%	1,086,942	(261,172)	(24.0%)
Total Revenues	188,763,081	195,280,002	6,516,921	3.5%	187,377,328	7,902,674	4.2%

PROVINCIAL GRANTS**-MINISTRY OF EDUCATION AND CHILD CARE**

The change from the prior year in provincial grants from the Ministry of Education and Child Care is primarily due to a \$3.2 million increase in the Ministry's operating grant and a \$2.7 million increase in labour settlement funding. Although student FTE declined from the prior year, the increase in the per-pupil funding rate, combined with growth in the number of students receiving the Unique Student Needs Supplement (Inclusive Education) and increases in the associated funding rates, resulted in an overall increase in provincial funding.

PROVINCIAL GRANTS OTHER

Other Provincial Grants consist of funding received from the Ministry of Children and Family Development (MCFD) (\$42,000) and SkilledTradesBC (\$202,000). Funding received from these sources is consistent with the prior year.

PROVINCIAL REVENUE - BUDGET COMPARISON:

Revenue from the province was more than the budget primarily due to labour settlement funding as it was not included in the budget due to the timing of when the funding was announced as well as a differential between the original estimates for the May 1701 student enrolment collection versus the actual student enrolments recorded.

OPERATING FUND

REVENUES

**TUITION**

Tuition revenue represents funds received through the International Student Education (ISE) program. The increase from the prior year is primarily attributable to higher homestay placement and secondary tuition fees, as well as an increase in the number of ISE students. It is estimated that ISE enrolment increased by approximately 13.35 FTE in fiscal 2025–26, from 365.10 FTE in 2024–25 to 378.45 FTE in 2025–26.

OTHER REVENUES

Growth in this category compared to the prior year is primarily attributable to increased childcare fees collected through the District's before- and after-school care programs (\$508,000), as well as increased revenue from First Nations through Local Education Agreements (\$570,000).

The School District increased the number of childcare spaces from 120 in 2024–25 to 276 in 2025–26, as well as offered both spring break and summer break programs resulting in additional fee revenue. The increase in revenue from First Nations is primarily due to an increase in the per-student funding rate, combined with an increase in the number of students included on the nominal roll.

OTHER REVENUE - BUDGET COMPARISON

Other revenue exceeded budget primarily due to higher funding received from First Nations, as noted above, as the budget was based on the prior year's funding levels. Childcare revenue was also higher than anticipated. In addition, the District received miscellaneous revenue during the year that had not been included in the budget, including various rebates and proceeds from the auction of surplus vehicles.

RENTALS AND LEASES

Higher rentals and leases revenue is primarily due to increased rental fees collected from the third-party childcare provider at Georgia Avenue, as a full year of revenue was collected in 2025–26 compared to only two months in 2024–25, resulting in an increase of \$42,000. Community use rental revenue also increased by \$41,000. These increases were partially offset by the loss of rental revenue related to elections, as no election-related rentals occurred during the year.

INVESTMENT INCOME

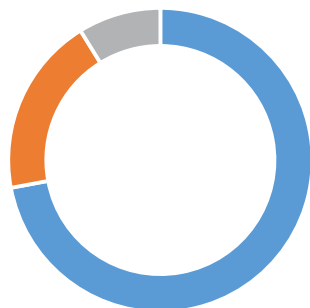
The decline in investment income is primarily due to the Bank of Canada reducing interest rates by 0.5% during the fiscal year. In addition, the district invested in principal protected notes, which earn returns differently than a traditional GIC. With a GIC, interest is recorded gradually over the life of the investment. With principal protected notes, a portion of the return is reflected through changes in the investment's market value and reported in the Statement of Remeasurement Gains and Losses until the investment matures. As a result, less investment income was reported during the year. See Statement 3 for the Statement of Remeasurement Gains and Losses.



OPERATING FUND

EXPENSES

EXPENSES BY OBJECT



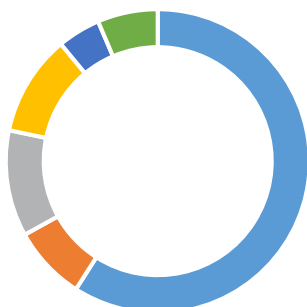
- Salaries
(25-26:72.1%; 24-25:72.6%)
- Employee Benefits
(25-26:19.1%; 24-25:18.6%;)
- Services and Supplies
(25-26:8.8%; 24-25:8.8%)

The following chart provides comparisons of 2025-26 actual operating expenses to 2025-26 annual amended budget amounts and 2024-25 actual. This information can be found on Schedules 2B and 2C in the Financial Statements.

2025-26 Operating Expenses				
	2025-26 Budget	2025-26 Actual	\$ Change	% Change
Salaries	136,951,442	137,720,802	769,360	0.56%
Employee Benefits	35,545,715	36,550,229	1,004,514	2.83%
Total Salaries & Benefits	172,497,157	174,271,031	1,773,874	1.03%
Services & Supplies	20,352,650	16,822,334	(3,530,316)	(17.3%)
Total Expenses	192,849,807	191,093,365	(1,756,442)	(0.9%)

2024-25 Comparator		
2024-25 Actual	\$ Change	% Change
131,938,983	5,781,819	4.38%
33,809,002	2,741,227	8.11%
165,747,985	8,523,046	5.14%
16,053,631	768,703	4.79%
181,801,616	9,291,749	5.11%

SALARIES AND BENEFITS



- Teachers
- Educational Assistants
- Other Professionals
- Principals & Vice Principals
- Support Staff
- Substitutes

The following chart provides comparisons of the 2025-26 actual salaries/benefits to 2025-26 annual amended budget amounts and 2024-25 actual. This information can be found on schedule 2B of the financial statements.

2025-26 Operating Expenses				
	2025-26 Budget	2025-26 Actual	\$ Change	% Change
Teachers	80,725,277	81,317,084	591,807	0.7%
Principals and Vice Principals	11,222,173	10,899,194	(322,979)	(2.9%)
Educational Assistants	15,685,982	15,573,152	(112,830)	(0.7%)
Support Staff	14,469,629	14,791,789	322,160	2.2%
Other Professionals	6,492,977	6,305,166	(187,811)	(2.9%)
Substitutes	8,355,404	8,834,417	479,013	5.7%
Total Salaries	136,951,442	137,720,802	769,360	0.6%
Employee Benefits	35,545,715	36,550,229	1,004,514	2.8%
Total Salaries and Benefits	172,497,157	174,271,031	1,773,874	1.0%

2024-25 Comparator		
2024-25 Actual	\$ Change	% Change
79,769,835	1,547,249	1.94%
10,406,933	492,261	4.73%
13,727,420	1,845,732	13.45%
14,229,696	562,093	3.95%
5,878,908	426,258	7.25%
7,926,191	908,226	11.46%
131,938,983	5,781,819	4.38%
33,809,002	2,741,227	8.11%
165,747,985	8,523,046	5.14%

OPERATING FUND

EXPENSES

**SALARIES & BENEFITS:**

91 per cent of the district's operating expenditures are for salaries and benefits. Employee benefits include employer paid premiums for dental, extended health, group life, WorkSafe BC, and payment of the employer health tax, as well as the employer's portion of CPP, EI, and pension plan contributions. These costs are charged as a percentage of salaries and increase or decrease in tandem with salary fluctuations.

TEACHERS

Teacher salary costs increased by \$1.5 million compared to the prior year. The increase is primarily attributable to a 3% wage increase effective July 1, 2025, partially offset by a decrease of 6.433 FTE in teacher staffing levels.

PRINCIPALS AND VICE PRINCIPALS

Growth in this category as compared to the prior year is due to additional budgeted FTE of 1.2, as well as the cost of general wage increases. These increases are in part performance based, as well as to align salaries with the revised grid structure approved by the British Columbia Public Schools Employer Association.

EDUCATIONAL ASSISTANTS

Educational Assistant salaries increased by \$1.8 million compared to the prior year. The increase is primarily attributable to 15.589 additional FTE, higher salary costs resulting from the job evaluation process, and an accrual for the pending 3% wage increase effective July 1, 2025.

SUPPORT STAFF

Higher Support staff salary costs are primarily due to the accrual for the pending 3% wage increase effective July 1, 2025.

OTHER PROFESSIONALS

The growth from prior year is primarily due to general wage increases. These increases are in part performance based, as well as to align salaries with the revised grid structure approved by the British Columbia Public Schools Employer Association

SUBSTITUTES

The additional substitute salary costs are a result of the increase in wages as noted above, as well as the additional FTE for all staff categories resulting in the additional need for replacements, which include their associated entitlement to ESA sick days.

EMPLOYEE BENEFITS

Employee benefits have increased from prior year due to benefit plans cost escalations in addition to higher employee wages.

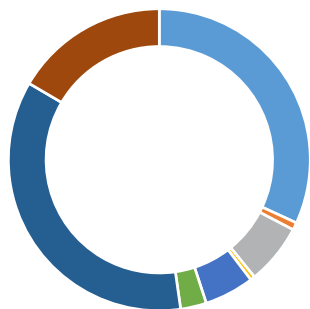
BUDGET COMPARISON

Budgeted expenditures are lower than actual due to several factors. The primary reason for the variance is that the budget did not include the 3% general wage increase accrued for CUPE staff. This was partially offset by salary savings that occur when positions remain vacant for a period of time, when newly approved positions funded through surplus dollars are filled later than anticipated, or when vacancies are not immediately backfilled. As positions are generally budgeted for a full year, these delays can result in a year-end surplus.

OPERATING FUND

EXPENSES

SERVICES AND SUPPLIES



- Services
- Pro-D & Travel
- Dues & Fees
- Supplies
- Student Transportation
- Rentals & Leases
- Insurance
- Utilities

The following chart provides comparisons of the 2025-26 actual various services and supply categories to 2025-26 annual amended budget amounts and 2024-25 actuals. This information can be found on schedule 2B of the financial statements.

2025-26 Operating Expenses					2024-25 Comparator		
	2025-26 Budget	2025-26 Actual	\$ Change	% Change	2024-25 Actual	\$ Change	% Change
Services	6,252,435	5,361,653	(890,782)	(14.2%)	5,115,953	245,700	4.8%
Student Transportation	143,314	134,832	(8,482)	(5.9%)	146,589	(11,757)	(8.0%)
Pro-D & Travel	1,261,513	1,089,273	(172,240)	(13.7%)	1,105,169	(15,896)	(1.4%)
Rentals & Leases	81,395	81,576	181	0.2%	80,710	866	1.1%
Dues & Fees	828,288	896,747	68,459	8.3%	821,459	75,288	9.2%
Insurance	480,000	466,792	(13,208)	(2.8%)	447,374	19,418	4.3%
Supplies	8,465,705	6,005,826	(2,459,879)	(29.1%)	5,747,309	258,517	4.5%
Utilities	2,840,000	2,785,635	(54,365)	(1.9%)	2,589,068	196,567	7.6%
Total Services and Supplies	20,352,650	16,822,334	(3,530,316)	(17.3%)	16,053,631	768,703	4.79%



OPERATING FUND

EXPENSES

SERVICES

Examples of expenditures in this category include, but are not limited to, professional services (legal, audit, consulting, and contractor services), district cell phones, software contracts, International Student Education (ISE) agent fees, and medical fees.

The \$246,000 increase from the prior year is attributable to several offsetting increases and decreases across expenditure categories. Service costs related to ISE agent fees increased during the year. In addition, Information Technology software contract costs rose due to the implementation of the new employee wellness platforms, Lifespeak and Wellbeats, as well as increased Ministry of Education and Child Care digital services recoveries.

These increases were partially offset by lower service costs resulting from one-time consulting contracts and services incurred in the prior year that were not repeated in the current year.

The variance to budget is primarily due to underspending in the Indigenous Education Target fund and Indigenous Education Council fund, along with Information Technology expenditures being lower than anticipated.

STUDENT TRANSPORTATION

These costs are the operating costs for school district owned busses used to provide transportation for students primarily for field trips, as well as the costs for transportation assistance which are funds provided to eligible students to assist with the cost of transportation where a bus is not available, and for those living on Protection Island.

PROFESSIONAL DEVELOPMENT & TRAVEL

Costs included in this category consist of training and travel expenses, including International Student Education (ISE) department travel, conference fees, transportation, meals, accommodations, mileage allowances, and other related expenditures. Overall costs were consistent with the prior year. A slight decrease in ISE travel costs was offset by an increase in the annual contractual Professional Development (Pro-D) payment to the Nanaimo District Teachers Association (NDTA).

The variance from budget is primarily attributable to reduced travel across several departments, including Finance, the Superintendent's Office, the Board, and the Indigenous Education Council, resulting in expenditures that were lower than anticipated.



OPERATING FUND

EXPENSES

**RENTALS & LEASES**

Includes costs incurred for rentals of facilities. The main expense in this category is the \$70,000/year expense recognition of the \$700,000 contribution to the Harewood Centennial Park turf field. The district has access to the field through a joint use agreement over 10 years (\$70,000/year).

DUES & FEES

Includes membership fees, as well as fees paid by the Career Technical Center (CTC) to Vancouver Island University (VIU) for courses taken by district students. Increase from prior year is primarily due to additional tuition payments to VIU from the CTC.

INSURANCE

Includes the cost of insurance premiums and deductibles.

SUPPLIES

Costs include the purchases of consumable and non-capital supplies and materials including office supplies, cleaning supplies, food for secondary school cafeterias, learning resources, fuel, and non capitalized furniture/equipment. Overall supply costs increased by \$258,517 compared to the prior year and were \$2.5 million below budget. The increase from prior year is attributable to several factors including:

- School supply expenditures at elementary and secondary schools increased by approximately \$155,000.
- Transportation supply costs increased by approximately \$55,000, primarily due to an unexpected transmission failure on a school bus and staffing shortages in the mechanic position, which resulted in a greater reliance on external repair services.
- Before and after school care supply costs increased by approximately \$47,000.
- Photocopier expenditures increased by approximately \$20,000 due to higher usage levels.
- Vehicle fuel costs decreased by approximately \$35,000, largely reflecting the District's continued transition to electric school buses and electric white fleet vehicles.

UTILITIES

Utilities include electricity, natural gas, oil, propane, water, sewage, garbage, and recycling collection.

Utility costs increased compared to the prior year, primarily due to higher electricity, water, and sewer expenses, partially offset by lower natural gas costs.

Electricity costs increased as a result of the growing use of heat pumps across facilities. Water and sewer costs were higher due to water-related issues that led to above-normal consumption, as well as the repair of a water meter at one of the secondary schools, which resulted in more accurate usage reporting.

Natural gas costs decreased due to the full-year impact of the carbon tax removal, effective April 1, 2025, combined with lower consumption resulting from milder weather conditions and the continued transition to heat pump technology.

The \$2.5 million variance from budget is primarily the result of financial statement presentation requirements and the timing of funding received. Purchases made from operating supply budgets that meet capitalization criteria are recorded in the capital fund, while the associated budget remains in the operating fund, creating an apparent operating underspend. During 2025-26, the District recorded approximately \$1.4 million of capital additions that were originally budgeted within operating supplies.

In addition, photocopier leases are accounted for as capital leases and therefore recorded in the capital fund, while the related budget remains in the operating fund. This accounting treatment contributed approximately \$159,000 to the operating budget underspend.

The remaining variance is largely attributable to approximately \$1.5 million of funding received in relation to the February and May 1701 student data collections. As these funds were received late in the fiscal year, they were recorded within supply budgets but remained unspent at year-end.



Presented in Schedules 3 and 3A of the financial statement are the Special Purpose Funds. These are restricted grants and funding subject to contractual restriction on its use. These revenues are deferred until the relevant expenditures are incurred. As a result, the revenues recognized during the year are equal to the expenditures incurred, not the revenue received. Any unspent funds at the end of the year are deferred to be spent in the next fiscal year. Note special purpose funds may be clawed back by the funding source in the event they are unspent.

The following chart provides comparisons of 2025-26 actual special purpose fund revenue received, and expenditures incurred to 2025-26 annual amended budget amounts and 2024-25 actual.

2025-26 Special Purpose Funds					2024-25 Comparator		
	2025-26 Budget	2025-26 Actual	\$ Change	% Change	2024-25 Actual	\$ Change	% Change
Deferred Revenue, beginning of year	1,684,971	3,944,254	(2,259,283)	(134.1%)	3,663,143	281,111	7.7%
Revenue Received							
Provincial Grants - Ministry of Education & Childcare	27,062,472	27,833,416	(770,944)	(2.8%)	24,871,751	2,961,665	11.9%
Provincial Grants - Other	142,000	142,000	-	0.0%	147,000	(5,000)	(3.4%)
Other Revenue	3,310,050	4,074,883	(764,833)	(23.1%)	4,124,687	(49,804)	(1.2%)
Investment Income	60,000	64,453	(4,453)	(7.4%)	84,666	(20,213)	(23.9%)
Total Revenue	30,574,522	32,114,752	(1,540,230)	(5.0%)	29,228,104	2,886,648	9.88%
Expenses							
Salaries	19,812,062	20,072,479	(260,417)	(1.3%)	17,347,425	2,725,054	15.7%
Employee Benefits	5,209,266	5,295,609	(86,343)	(1.7%)	4,468,403	827,206	18.5%
Services & Supplies	7,238,165	6,140,890	1,097,275	15.2%	6,646,621	(505,731)	(7.6%)
TCA Purchases	-	604,857	(604,857)	100.0%	484,544	120,313	24.8%
Total Expenses	32,259,493	32,113,835	145,658	0.45%	28,946,993	3,166,842	10.94%
Deferred Revenue, End of Year	-	3,945,171	(3,945,171)	100.0%	3,944,254	917	0.0%

REVENUES

PROVINCIAL GRANTS - MINISTRY OF EDUCATION & CHILD CARE

The increase from the prior year is primarily attributable to an additional \$2.9 million in Classroom Enhancement Fund (CEF) funding. No new special purpose funds were provided by the Ministry in 2025-26, and variances within existing special purpose funds were relatively minor compared to the prior year.

PROVINCIAL GRANTS - OTHER

Other Provincial grants consist of revenue received from the Ministry of Tourism, Arts, Culture and Sport for the After School Sport and Arts Initiative

SPECIAL PURPOSE FUNDS

OTHER REVENUE

The decrease in other revenue is primarily attributable to a reduction in miscellaneous grants, partially offset by an increase in school-generated funds. School-generated funds increased by \$53,480, while miscellaneous grant revenue decreased by \$103,284 compared to the prior year.

Miscellaneous grants consist of funding received from external organizations for specific initiatives and can vary significantly from year to year based on available funding opportunities and project requirements. The decrease in 2025-26 is mainly due to a \$55,000 reduction in funding from the City of Nanaimo for the Youth Resilience Grant, as this was the final year of the program. In addition, the District did not receive several one-time grants that were received in the prior year, including playground donations for Mountain View and Rutherford, funding for a longhouse for the Tillicum Lelum child care facility at John Barsby Secondary School, and various Vancouver Sun Adopt-A-School grants.

These decreases were partially offset by an increase of approximately \$52,000 in funding received from the Regional District of Nanaimo (RDN) to support the Zero Waste program.

The following table shows the opening Special Purpose Fund by grant, the funds received in the year, expenditures in the year, and the closing balance to be spent in the next fiscal year.

Grant Name	Opening Balance	Received in the Year	Spent During the Year	Closing Balance	Purpose of Grant
AFG - Annual Facility Grant	17,500	555,747	573,247	-	Funds for projects required to maintain facility assets through their anticipated economic life and to prevent premature deterioration of these assets.
LIF - Learning Improvement Fund	-	629,230	629,230	-	Provides additional resources, specifically targeted to support complex classes that present challenging learning conditions. The district used these funds by allocating an additional hour to each Educational Assistant (EA) budgeted for at the beginning of the school year, increased Supervision Aide positions from 3.3 to 3.5 hours each, and supported 1 additional EA position.
Special Education Equipment	1,359	-	1,359	-	Funds for specialized equipment. Purchases in the year included a sling
SGF - School Generated Funds	1,976,626	3,877,003	3,911,839	1,941,790	Funds collected at schools for student programs including field trips/international travel, funding for food, school supplies, playgrounds, spirit wear, specific fundraising initiatives, and other programs/incentives that support students.
SS - Strong Start	-	272,000	272,000	-	School based drop in programs for children aged birth to five and their parents or caregivers. The district had 8 Strong Start Facilitators working at 8 elementary schools.
RSL - Ready Set Learn	11,597	68,600	62,555	17,642	Events for 3 to 5 year olds and their parents are hosted to support early learning and facilitate a smooth transition to Kindergarten.

(Continued on next page)

EXPENSES

Salaries and benefits expense has increased compared to the prior year, primarily due to general wage increases across all employee groups. In addition, salaries and benefits funded through the Classroom Enhancement Fund (CEF) increased by approximately \$3.2 million, further contributing to the overall increase in expenditures.

Services and supplies expense decreased from the prior year as a result of a number of relatively minor fluctuations, including both increases and decreases across various programs and funding sources. The majority of the decrease is attributable to the conclusion of the Student and Family Affordability Fund in 2024/25, which resulted in a reduction in related expenditures of approximately \$470,000 in 2025/26.

ADDITIONAL EXPENSES FUNDED BY, AND REPORTED IN, THE OPERATING FUND

There are circumstances where some of the special purpose funds received from the Ministry of Education and Child Care are not enough to support the intended purpose of the funding. In 2025-26 the following special purpose funds required a supplement from the operating fund:

- Strong Start – \$43,549 in expenditures were supported by the Operating Fund.

SPECIAL PURPOSE FUNDS

(Continued)



Grant Name	Opening Balance	Received in the Year	Spent During the Year	Closing Balance	Purpose of Grant
Official Languages Education Program (OLEP)	-	298,099	298,099	-	Funding Supports a variety of programs aimed at increasing access to french second language instruction, including core french programs, french immersion (FI), and support for educational materials and teacher training.
LINK - Community Link	32,573	2,696,108	2,699,189	29,492	Funding provided to support the academic achievement and social functioning of vulnerable students. With these funds the district staffs 31 Child, Youth & Family Support Workers (CYFSW), 3 full-time Coordinators, 1 Community School Coordinator, and 1 part-time Teacher. There is also professional services and supply budgets available to support the program as needed.
CEF - Classroom Enhancement Fund - Overhead	-	1,647,375	1,647,375	-	Funding to cover overhead costs associated with increased teaching staff and administration resulting from LOU17 which includes teacher replacement costs, custodial, payroll, human resources, finance, and district learning services staff, as well as covers some contractual professional development costs.
CEF - Classroom Enhancement Fund - Staffing	-	17,638,849	17,638,849	-	Funding for additional teachers required pursuant to class size and composition language (LOU17). The district was funded for 135.5FTE in 2025-26
CEF - Classroom Enhancement Fund - Remedies	282,654	915,545	917,706	280,493	Funding to pay for the cost of Teacher Remedies owed in cases where class size or composition contract language cannot be met.
BCTEA - First Nation Student Transportation	58,341	289,596	329,497	18,440	Funding covers the cost of enhanced transportation services requested by Nations to get indigenous students living on reserve to and from school, as well as to school organized extra-curricular activities, and may also include any special supports requested and approved by BCTEA.
MHG - Mental Health in Schools	-	51,000	51,000	-	Funding provided to give students with mental health issues equitable learning opportunities. Funds cover the cost of a software solution called Open Parachute that creates mental health and well being programs for K-12 students, in addition to other determined supports over the fiscal year.
Changing Results for Young Children	1,578	-	1,578	-	Funds provided to support Early Learning and Physical Literacy.
SDK - Seamless Day Kindergarten	-	55,400	55,400	-	Funding for an Early Childhood Educator (ECE) which allows primary school children to attend childcare in a kindergarten classroom.
Early Childhood Education Dual Credit Program	14,909	-	5,205	9,704	Funding for highschool students interested in becoming an ECE. This allows students to take post-secondary courses while earning their high school diploma.
SEY2KT (Strengthening Early Years to Kindergarten)	23,203	-	8,335	14,868	Funding provides opportunities for school districts and communities to work together to support a smooth transition from home to school.
ELCCCG - Early Learning Child Care Capacity	-	525,000	175,000	350,000	Funding to establish a District Lead ELCC position. The district used these funds for a District Pincipal for Early Learning and Care.
Feeding Futures	82,840	1,682,926	1,765,766	-	Funding to create or expand local school food programs, to ensure students are properly fed for learning to enhance positive academic and healthy outcomes. Funds in 25-26 were used to support the secondary school cafeterias as well as to pay Nanaimo Ladysmith Schools Foundation for the provision of food to elementary schools.
Health Career Grant	18,918	-	15,178	3,740	Funding to support the health career dual credit program aiming to create and expand dual credit programs focused on health careers aligned with regional workforce demands.
Dual Credit Program Expansion	16,527	-	3,233	13,294	These funds are to build and strengthen work experience partnerships with employers in fields of Technology, Climate Change and Emergency Management, and/or a "sector of local importance" that will increase student participation in work experience 12A and 12B courses.
Professional Learning Grant	221,496	-	126,647	94,849	Funding is to provide professional learning for teachers and support staff in the area of evidence based approaches to literacy development, and literacy information/resources for parents and caregivers.
NSFP - National School Food Program	251,773	484,730	408,905	327,598	These funds are meant to compliment the Feeding Futures funds in order to create or expand local school food programs.
SACCSE - School Age Child Care Spaces	591,745	23,211	-	614,956	Funding to support participation in a multi-year pilot to expand child care spaces on school grounds. Funds are to be used to cover annual cost overruns if applicable, as well as to fund start up costs for site expansions.
Project Penny	12,657	-	-	12,657	Funding to assist with phone/alarm line conversions from copper to fibre optic. There were no sites that were converted in 2025-26.
Other Misc. Grants	327,958	404,333	516,643	215,648	These include other grants schools have applied for and received. Some of the grants include Adopt-A-School Vacnovuer Sun Grants, Drygrad, VIHA Mental Health & Addictions Grant, Ladysmith Health Auxilliary Grant, After School Sport and Art Initatives Funding (ASSAI), City of Nanamio Youth Resilience Grant, Regional District of Nanaimo Zero Waste funds, and playground fundraising.
Total	3,944,254	32,114,752	32,113,835	3,945,171	



CAPITAL FUND

Presented in Schedules 4, 4A, 4B, 4C, and 4D in the Financial Statements is the Capital Fund. The Capital Fund includes financial activities for tangible capital assets. Capital funding from the province is accounted for using deferral accounting, whereby capital revenue is recorded in the financial statements over the life of the related asset to match the amortization expense. Therefore, capital fund revenue is not equal to the actual capital funding received in a year.

The following chart provides comparisons of 2025-26 actual capital fund revenue and expenditures incurred, to 2025-26 annual amended budget amounts and actual and 2024-25 annual amended budget amounts.

2025-26 Capital Expenses					2024-25 Comparator		
	2025-26 Budget	2025-26 Actual	\$ Change	% Change	2024-25 Actual	\$ Change	% Change
Revenues							
Provincial Grants - Ministry of Education & Childcare	-	270,464	270,464	100.0%	598,421	(327,957)	(54.8%)
Investment Income	170,000	229,613	59,613	35.1%	237,849	(8,236)	(3.5%)
Amortization of Deferred Capital Revenue	8,150,000	8,420,091	270,091	3.3%	7,888,100	531,991	6.7%
Total Revenue	8,320,000	8,920,168	600,168	7.2%	8,724,370	195,798	2.2%
Expenses							
Operations and Maintenance	-	539,129	539,129	100.0%	795,507	(256,378)	(32.2%)
Capital Lease Interest	-	37,286	37,286	100.0%	49,099	(11,813)	(24.1%)
Amortization of Tangible Capital Assets	12,200,000	13,168,085	968,085	7.9%	12,496,652	671,433	5.4%
Total Expenses	12,200,000	13,744,500	1,544,500	12.7%	13,341,258	403,242	3.0%

REVENUES

PROVINCIAL GRANTS - MINISTRY OF EDUCATION & CHILD CARE

These funds represent revenue recognized to offset expenditures that were determined to be non-capital in nature. As the related costs did not qualify as capital asset additions or improvements, the funding was recognized as revenue in the current year rather than being recorded as deferred capital revenue and recognized over the useful life of an asset.

INVESTMENT INCOME

Investment Income is allocated to the Capital Fund based on the Local Capital, Land Capital (school site acquisition charges), and Ministry Restricted fund balances each quarter.

AMORTIZATION OF DEFERRED CAPITAL REVENUE

As funds received for capital are spent, they are added to the district's deferred capital revenue balance and the revenue is recognized over the life of the asset using the same rates as amortization expense. Amortization of deferred capital revenue has increased from prior year due to new funds received for capital projects that were funded by the Ministry of Education and Child Care.

**EXPENSES****OPERATIONS AND MAINTENANCE**

These expenditures represent costs that were determined to be non-capital in nature and were therefore expensed in the capital fund rather than capitalized as tangible capital assets. In 2025-26 these expenses are primarily painting, portable moves and direct digital control (DDC) optimization review.

AMORTIZATION OF TANGIBLE CAPITAL ASSETS

Amortization expense increased from prior year due to the large number of capital additions that were completed last year, now being amortized for a full year (the first year is amortized at 50%), and additional capital projects completed throughout the year. There was also an additional \$608,000 recorded because of the inflationary adjustment made to the asset retirement obligation estimate.

CAPITAL FUND BALANCES

Found on Schedule 4D of the financial statements are the district's Unspent Deferred Capital Revenue balances. These balances consist of funds that have been received specifically for capital purchases but were not yet spent by June 30, 2026.

The balances are as follows:

2025-26 Unspent Deferred Capital Revenue				
	<i>2025-26 Actual</i>	<i>2024-25 Actual</i>	<i>\$ Change</i>	<i>% Change</i>
Ministry of Education and Child Care - Bylaw Capital	367,249	1,188,643	(821,394)	(69.1%)
Ministry of Education and Child Care - Restricted Capital	2,925,851	2,828,034	97,817	3.5%
Other Provincial Capital	3,333,835	3,387,190	(53,355)	(1.6%)
Land Capital	1,035,113	583,279	451,834	77.5%
Total Unspent Deferred Capital Revenue	7,662,048	7,987,146	(325,098)	(4.1%)

BYLAW CAPITAL

Bylaw Capital represents Ministry of Education & Child Care capital grants drawn on Certificate of Approval (COA) for capital projects (e.g., Seismic, Expansion, playground equipment funding, School Enhancement Program, Carbon Neutral Capital Funding etc.). Generally, it is expected that this balance would be zero as funds are drawn from the Ministry only as the expenditures are incurred, however the balance in the current year represents funds received from the Ministry for projects in which the expenditures have not yet occurred. This occasionally occurs in special circumstances.

RESTRICTED CAPITAL

Ministry of Education & Child Care Restricted Capital represents the Ministry's portion (usually 75%) of the proceeds on disposal of land and buildings, and any bylaw surplus that remains following completion of the applicable project. The Ministry's permission must be received to spend these funds. The increase from prior year is due to the interest allocated to the funds. These funds have been earmarked by the Ministry of Education and Child Care as part of the districts required contribution to the Ladysmith Intermediate replacement project.

CAPITAL FUND

OTHER PROVINCIAL CAPITAL

These funds were provided by the Ministry of Children and Family Development and the Ministry of Education and Child Care to support the development of childcare spaces throughout the district. In 2025-26, the district received \$1.8 million in ChildCare BC New Spaces funding. The overall balance has decreased from the prior year as funding continues to be invested in the completion of several projects, including Qwam Qwum Stuwixwuhl, Seaview, Cilaire, Pleasant Valley, and Quarterway.

LAND CAPITAL

The balance in the Land Capital reserve Fund is comprised of School Site Acquisition Charges (SSAC), which municipalities collect on behalf of the district for future school site purchases. Funds in the current year represent the School Site Acquisition Charges collected to date from the District of Lantzville, City of Nanaimo, Town of Ladysmith, and the Regional District of Nanaimo (RDN) plus interest allocated to the funds.

OTHER CAPITAL

Other capital is meant for funds from non-provincial government sources, such as municipal grants. There is currently a zero balance.





ACCUMULATED SURPLUS

Accumulated Surplus (All Funds)

At June 30, 2026, the district ended the year with an accumulated surplus of \$46.9 million, of which \$12.7 million is in the Operating Fund, and \$34.2 million is in the Capital Fund.

Accumulated Surplus is comprised of the following components:

2025-26 Accumulated Surplus				
	2025-26 <i>Actual</i>	2024-25 <i>Actual</i>	<i>\$ Change</i>	<i>% Change</i>
Operating Fund				
Restricted Operating Surplus				
Restricted Surplus Reserve for Anticipated Unusual Expenses	821,000	941,680	(120,680)	(12.8%)
Restricted Surplus Reserve for Financial Constraints/Targeted Funds	4,965,072	3,437,641	1,527,431	44.4%
Restricted Surplus Reserve for Operations Spanning Multiple School Years	2,981,486	4,060,147	(1,078,661)	(26.6%)
Total Restricted Operating Surplus	8,767,558	8,439,468	328,090	3.9%
Total Unrestricted Operating Surplus	3,922,922	3,947,208	(24,286)	(0.6%)
Total Accumulated Operating Surplus	12,690,480	12,386,676	303,804	2.5%
Capital Fund				
Investment in Tangible Capital Assets	27,217,506	28,182,930	(965,424)	(3.4%)
Local Capital	6,951,105	6,322,323	628,782	9.9%
Total Capital Surplus	34,168,611	34,505,253	(336,642)	(1.0%)
Total Accumulated Operating Surplus	12,690,480	12,386,676	303,804	2.5%
Total Capital Surplus	34,168,611	34,505,253	(336,642)	(1.0%)
Total Accumulated Surplus	46,859,091	46,891,929	(32,838)	(0.1%)

See financial statement note 13 for additional details.

ACCUMULATED SURPLUS

OPERATING FUND

The district ended the year with an annual operating surplus of \$303,804, which added to the accumulated operating surplus of \$12.4 million, resulted in a revised accumulated operating surplus in the amount of \$12.7 million. Despite the budgeted appropriation of surplus of \$6.4 million the district ended the year with an increase to the accumulated surplus due to several factors some of which include:

- The February/May Student Data Collections, confirmed late in the fiscal, resulted in an additional \$1.5 million in revenue which was not able to be allocated and spent by June 30.
- The district benefit plans premium balance increased from prior year resulting in an unanticipated reduction in benefit expenses of \$1.1 million.
- The Indigenous Education target funds were underspent by \$859,525
- As in prior years there were many staffing complexities which included difficult recruiting for some hard to fill positions.



The operating surplus is categorized as either internally restricted for particular use, or unrestricted. Restricted surplus has three unique categories:

ANTICIPATED UNUSUAL EXPENSE RESERVE

The Anticipated Unusual Expenses Reserve is for identified one-time or intermittent projects not able to be funded by current year revenues.

Included in this reserve are funds for one time salary costs that have already been appropriated for use in the 2026-27 budget (\$646,000), a reserve for replacement costs in the event they exceed budgeted levels (\$100,000), EA staffing supplement for the BEAM program (\$50,000), and funds to cover the cost of the election in the fall (\$25,000).

FINANCIAL CONSTRAINTS/TARGETED FUNDS RESERVE

The Financial Constraints/Targeted Funds Reserve is to restrict funds that the district is committed to spend on a specific or targeted purposes. These commitments may be legally binding (e.g., professional development funds outlined in collective agreements), or implied but not legally binding (e.g., donated funds not explicitly restricted by the donor). Significant amounts within this reserve include the benefit premium balance available to reduce future benefit expenditures (\$3.8 million), unspent Indigenous Education Programs funding (\$859,525), unspent Teacher Mentorship grant (\$105,757), district before and after school care 2025-26 surplus (\$105,562), and the 2025-26 unspent Indigenous Education Council funding (\$92,792).

OPERATIONS SPANNING MULTIPLE SCHOOL YEARS RESERVE

The Operations Spanning Multiple School Years Reserve is meant for situations where operating funds may need to be carried over to future years. Significant amounts included in this reserve are funds required to support the three-year Local Capital planning (\$1.8 million), the remainder of the Harewood Centennial Park turf field joint use agreement (8 years - \$490,000), a child care reserve for the excess funds received related to the five child care sites operated by third party providers (\$306,950), and unspent school operating fund budget balances (\$299,536).

See financial statement note 13 for a complete list.

ACCUMULATED SURPLUS

CAPITAL FUND

The Capital Fund surplus consists of two components, Investment in Tangible Capital Assets, and Local Capital.

INVESTMENT IN TANGIBLE CAPITAL ASSETS

The Investment in Tangible Capital Asset balance of \$27.2 million is a balance reflective of the districts accumulated contribution to capital assets. It is important to note, that this is not a balance available for future operations.

LOCAL CAPITAL

The Local Capital year-end balance represents the amount of resources available to address long term capital planning and associated expenditures that are not funded by the Ministry of Education and Child Care. The following summarizes the Local Capital balance as at June 30, 2026, as well as presents the budgeted Local Capital spending plan over the next four years. Note that the amounts indicated are subject to change if emergent projects are identified or there are unforeseen cost pressures.



Local Capital					
<u>Revenue</u>	2025-26 YE Financial Position	2026-27 Budget	2027-28 Planning	2028-29 Planning	2029-30 Planning
Deferred Revenue per Financial Statements/Future Estimates	6,322,323	6,951,105	5,289,319	4,489,319	929,319
<u>Operating Fund and/or Accumulated Surplus Transfers</u>					
Transfers necessary to support three-year planning	1,332,000	1,100,000	1,100,000	1,100,000	1,100,000
Technology / Infrastructure Upgrades	700,000	700,000	700,000	700,000	700,000
Third Party Child Care Capital Reserve	281,846				
Unrestricted Surplus Allocations (Capital)	-	-	-	-	-
<i>Total Transfer from Operating</i>	2,313,846	1,800,000	1,800,000	1,800,000	1,800,000
Investment Income	229,613	170,000	160,000	150,000	30,000
Total Revenue	8,865,782	8,921,105	7,249,319	6,439,319	2,759,319
<u>Local Capital Priorities - Current and Future Years</u>					
Board Goal - Student Success					
Equitable Access to Technology (Wi-Fi)	326,692	500,000	500,000	500,000	500,000
Technology Plan	558,811	700,000	700,000	700,000	700,000
Learning Studios	144,728	500,000	400,000	400,000	400,000
School Capacity	255,045	400,000	300,000	300,000	300,000
Outdoor Learning Fund	37,807	50,000	50,000	50,000	50,000
Board Goal - Student and Employee Wellness					
Accessibility Projects	81,368	120,000	100,000	100,000	100,000
Environmental Upgrades	43,674	50,000	50,000	50,000	50,000
School-based Projects/Equipment	136,523	200,000	200,000	200,000	200,000
Long Range Facilities Plan (LRFP)					
Vehicle/Asset Replacement Program	214,037	400,000	300,000	300,000	300,000
School Opening/Capital Project Synergy	337,721	400,000	100,000	100,000	100,000
Child Care Reserve (Third Party Operated)	30,061	251,786	TBD	TBD	TBD
Support of Pending/New Capital Projects	(251,789)	60,000	60,000	60,000	60,000
Capital Cost-Share Contribution (<i>Priority Future Planning</i>)	-	-	-	2,750,000	-
Total Projects/Expenses	1,914,677	3,631,786	2,760,000	5,510,000	2,760,000
Fund Balance	6,951,105	5,289,319	4,489,319	929,319	(681)

Note1: Schedule is contingent on YE Financial position and Board's support of recommended future transfer amounts

Note2: Schedule is subject to change pursuant to emergent needs/competing priorities

Note3: Capital cost share amount noted is committed to the Ladysmith Area Project. NDSS replacement remains high priority, associated capital cost-sharing will be contingent on future Board approved transfers

Factors Bearing on Nanaimo Ladysmith Public School's Future

RISKS

ENROLMENT

The most significant source of school district funding is generated by the student population. Accurate estimates of enrolment are key for staff and space capacity planning, as well as district budgeting. A slow decline in enrolment is anticipated as the growth the district has seen over the last 10 years moves through to secondary and then to graduation, along with the trend of less local student populations entering district schools. The district will continue monitoring this trend closely as registrations come in and will look to mitigative strategies if targets are not met.

INFLATION AND TARIFFS

Inflationary cost pressures facing the district continue to rise, with the most significant cost increases related to the heightened cost of replacement staff, employee benefits, potential tariff related impacts, and rising costs for services and supplies. The Ministry of Education and Child Care has not increased funding levels to address inflationary costs which means the district must absorb them within the same level of operating dollars.

CAPITAL/LOCAL CAPITAL

With competing capital pressures across the province, the provincial government is tasked with addressing emergent needs in order of priority. Nanaimo Ladysmith Public Schools is extremely fortunate to be recently awarded capital support for the replacement of Ladysmith Intermediate and the expansion of Ladysmith Primary. The capital approval however was contingent on a district contribution to the project from our Local Capital reserve which puts pressure on future Local Capital initiatives. It will be important for the district to continue to direct reasonable portions of any available Accumulated Operating Surplus dollars to our Local Capital Fund to support future projects, as well as to set aside a contribution for the eventual replacement of Nanaimo District Secondary School.

TECHNOLOGY

The Ministry of Education and Child Care does not provide direct funding for technology; it is expected that the district's Operating Fund will cover such expenditures. However, rather than taking resources from our operating fund the district continues to restrict accumulated operating surplus towards the annual technology plan which provides for digital learning devices, software applications, hardware, Wi-Fi, and network maintenance. We note the ongoing resource allocation best supports student learning, and proactively enhances district technology, but, if funded by the Ministry, available surplus dollars could be redirected to alternate initiatives aimed at enhancing student outcomes or facility upgrades.



OPPORTUNITIES

LONG-RANGE FACILITIES PLAN

The district's Long-Range Facilities Plan continues to be a key input for Board and staff decisions related to capacity planning in schools and other district facilities. The Board of Education approved the Long-Range Facilities Plan (LRFP) on May 26, 2021. The revised plan focuses on ensuring the district can continue to support the expected enrolment growth, addressing the condition of aging facilities, and enhancing district programs.

For further information please see the following website address for an update on the [Long-Range Facilities Plan](#) where the document is referred to as Monitoring our Progress.

CHILDCARE

Over the last few years, the district has successfully implemented a childcare strategy that includes multiple 0-5 childcare sites operated by third-party providers utilizing district-built facilities. As well, there are currently nine school district operated before and after school care sites (276 spaces) which not only provide much needed services for community families, but also provides opportunity for our staff to increase their annual salaries. In 2026-27 the district plans to expand to a total of fifteen district operated child care sites (nearly 500 spaces).

WORKFORCE CHALLENGES

In response to ongoing challenges with recruiting and retention of qualified Education Assistants the district has created an in-house training and mentorship program. Building Education Assistants through Mentorship (BEAM) has been modeled in collaboration with other provincial school districts experiencing similar staffing constraints. BEAM is designed for professional and caring adults who wish to work with students with physical, social, behavioural, sensory, and/or learning needs as an Education Assistant (EA). As well, the district has restructured our Human Resources department to better focus on workforce strategies, employee wellness, and recruitment initiatives.



UNCERTAINTIES

INTERNATIONAL STUDENT EDUCATION

While the international student education (ISE) program continues to maintain robust international interest, the impact of inflation on international families has the potential to impact enrolment. In addition, secondary school capacity and the availability of homestays are ongoing challenges for the growth of the program.

INVESTMENTS

Interest rates have been on a downward trend over the past year resulting in a decrease in investment income. While the district budgets for investment income conservatively based on the known information at the time, there is always a possibility that rates decline further than expected. The district will continue monitoring rates and will investigate investments strategies that provide the highest rate of return to mitigate this risk.

MINISTRY OF EDUCATION AND CHILD CARE FUNDING FORMULA

The Ministry of Education and Child Care funding formula is the primary driver of district revenues. At this time, we are unaware of any changes that are anticipated in the future, however, any shifts that may occur could impact the district's financial position.

Contacting School District 68's Financial Management

This financial report is designed to provide NLPS stakeholders with a general overview of NLPS finances and to demonstrate the district's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact the Secretary-Treasurer's office.



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