



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

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Financial Statement Discussion and Analysis For the Year Ended June 30, 2024

The following is a discussion and analysis of the financial performance of Nanaimo Ladysmith Public Schools (NLPS) for the fiscal year ended June 30, 2024. 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.

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



Overview of 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 Métis Nation.

The district claims approximately 15,650 students, with approximately 2,575 students identifying as Indigenous and 1,470 students with special needs. 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 \$214.7 million.

FUNDED HEADCOUNT ENROLMENT BY GRADE

	KINDERGARTEN	PRIMARY	INTERMEDIATE	SECONDARY	OTHER	TOTAL
ALL STUDENTS	976	3,373	4,735	6,547	17	15,648
INDIGENOUS STUDENTS	168	556	773	1,080	-	2,577
STUDENTS WITH DIVERSE NEEDS	36	183	495	757	-	1,471

All of the info above was obtained from the 1701 Report as at September 30, 2023



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 JUNE 30, 2024	PER PUPIL
2019/20	14,294.625	14,540.875	20.000	14,560.875	\$132,404,509	\$56,622	\$132,461,131	\$9,097
2020/21	14,308.750	14,610.750	9.625	14,620.375	\$134,492,365	\$0.00	\$134,492,365	\$9,199
2021/22	14,770.750	14,956.075	4.125	14,960.200	\$144,613,980	\$16,108	\$144,630,088	\$9,668
2022/23	14,915.375	15,120.188	6.750	15,126.938	\$147,199,907	-\$210,541	\$146,989,366	\$9,717
2023/24	15,036.563	15,261.125	13.500	15,274.625	\$164,224,574	\$0.00	\$164,224,574	\$10,751

*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/resource-management/k-12-funding-and-allocation/operating-grants/k12funding-23-24>

**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

Our 2024-2028 Strategic Plan defines the key areas of focus as we work together to support student learning in order to achieve our goals and objectives.

GUIDING PRINCIPALS

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 Nanaimo Ladysmith Public Schools 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 30th of each year.

Statement of Operations (Statement 2)

- Summarizes the district's revenues, expenses, and surplus (deficit) from July 1, 2023 – June 30, 2024. This statement is reported as a consolidation of the three funds: Operating, Special Purpose, and Capital

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 amounts for each of the three funds (Operating, Special Purpose, and Capital Funds).

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, the 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.

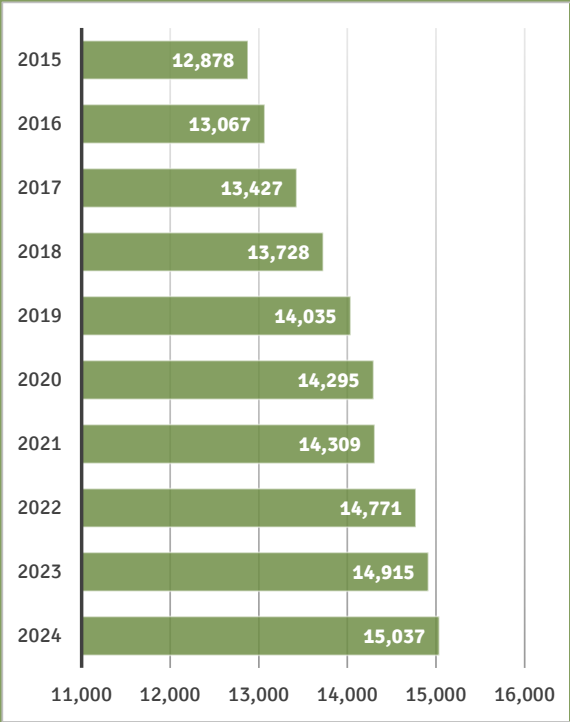
Financial Highlights

In comparison to 2022/23, the district saw an increase in enrolment of 121.18 FTE, and a \$17.2M (10.5%) increase in the Ministry of Education and Child Care operating grant. 2023/24 also included a number of significant capital asset transactions including the following:

- Completion of the Rock City Elementary Child Care Facility, and continuous work on the child care facilities at Qwam Qwum Stuwixwuhl School, Georgia Avenue Elementary, and Seaview Elementary
- Completion of the John Barsby Secondary HVAC project (Phase 2)
- Completion of the Ladysmith Intermediate ventilation project
- Completion of the Ladysmith Secondary interior construction upgrades
- Completion of the Cedar Secondary dust extractor project
- Completion of the North Oyster and Mountain View building envelope projects
- Various building upgrades, including roofing, flooring, and exterior painting
- Purchase of 2 electric busses as well as charging station infrastructure
- Purchase of 4 e-transit cargo vans, an electric SUV, and a tractor
- Continuous investment in network and classroom technology
- Continuous work on the Brechin Elementary HVAC phase 2 project

The district continues to see a growth in enrolment, as illustrated in the charts below.

SEPTEMBER FTE ENROLMENT BY FISCAL YEAR

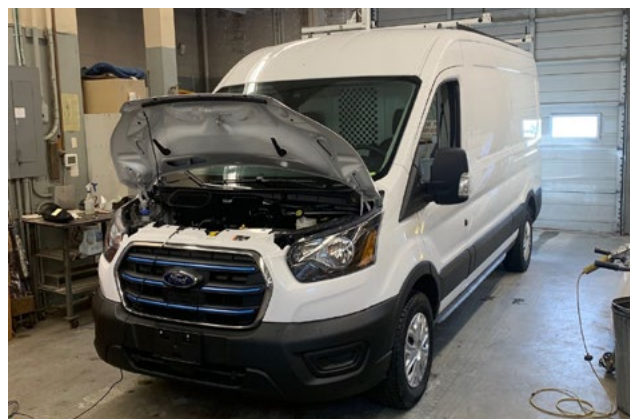


ENROLMENT (FTE) PER MINISTRY OF EDUCATION

SEPTEMBER	2023/24	2022/23	DIFFERENCE
Standard (Regular) Schools	14,445.25	14,342.94	102.31
Continuing Education	0.63	-	0.63
Adult Education	10.63	4.88	5.75
Newcomer Refugees	-	-	-
Alternate Schools	287.00	285.00	2.00
Distributed Learning	293.06	282.56	10.50
Total Enrolment	15,036.56	14,915.38	121.18
INCLUDED IN TOTAL ENROLMENT (CATEGORIES THAT RECEIVE ADDITIONAL PER STUDENT FUNDING)			
Designated Students	853.00	793.00	60.00
English Language Learning	955.00	927.00	28.00
Indigenous Education	2,577.00	2,511.00	66.00

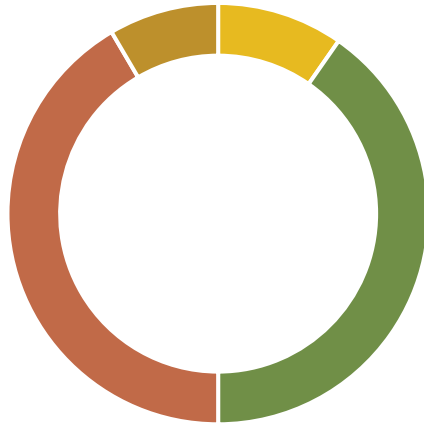
Note: the number of designated students on page 3 differs from the chart above as that chart is all students, and the above is just the designated students that trigger the additional funding in this category.





Financial Analysis

FINANCIAL POSITION ALLOCATION



- Total Financial Assets (23/24: 10%; 22/23: 9%)
- Total Non-Financial Assets (23/24: 40%; 22/23: 41%)
- Total Financial Liabilities (23/24: 42%; 22/23: 42%)
- Accumulated Surplus (23/24: 8%; 22/23: 8%)

	2023/24	2022/23	\$ CHANGE	% CHANGE
Financial Assets	52,183,965	48,104,691	4,079,274	8.48%
Non-Financial Assets	216,838,424	211,229,995	5,608,429	2.66%
Total Assets	269,022,389	259,334,686	9,687,703	3.74%
Liabilities	223,573,828	216,203,938	7,369,890	3.41%
Accumulated Surplus	45,448,561	43,130,748	2,317,813	5.37%

FINANCIAL ASSETS

Financial Assets include cash and cash equivalents, receivables, and portfolio investments. The increase in financial assets from 2022/23 resulted primarily from changes in the following District accounts:

- Increase of \$4.7M in the cash and cash equivalents balance primarily due to funds received in the year not fully spent by June 30th (24/25 ICY Team funding received in June 2024, school site acquisition charges, and various special purpose funds with remaining balances at year-end). In addition, investments matured during the year increasing the cash and cash equivalents category as they were no longer classified as investments.
- Decrease in portfolio investments of \$504k due to investments maturing and being re-classified as cash and cash equivalents.
- Decrease of \$1.5M in receivables from the Ministry of Education and Child Care. This is primarily due to a reduction in capital funding receivable due to fewer capital projects being worked on at June 30 2024, in comparison to 2023.
- Increase of \$537k in receivables from Local Education Agreement (LEA) Funding. When the nominal roll is received in June, a final reconciliation of LEA billing is done (until then, billings are done based on previous year's data). The nominal roll resulted in an increased number of students in comparison to the prior year, and there was also an increase in the first nations student rate. Increase of \$858k in other receivables balance primarily due to an increase in insurance claims outstanding at year-end as well as an increase in interest receivable on investments.

NON-FINANCIAL ASSETS

Non-financial assets include tangible capital assets and prepaid expenses. Prepaid Expenses increased \$687k from prior year due to the district's contribution to the Harewood Centennial Park turf fields constructed by the City of Nanaimo. The district contributed \$700k to the project and has access to its use through a joint use agreement over the next 10 years.

NON-FINANCIAL ASSETS (CONT.)

Tangible capital assets (TCA) are used in providing the services of the district and include buildings, furniture & equipment, technology, and vehicles purchased, constructed or contributed to the district. The increase in non-financial assets is primarily related to the increase in TCA with new assets purchased totalling \$16.3M less amortization of \$11.4M.

Capital assets are purchased using various funding sources including Operating Funds, Other Grants, Ministry Capital Grants authorized under Certificate of Approvals, and the district's own Local Capital Funds.

Projects that are not completed during the fiscal year are accumulated in Work in Progress (WIP) accounts, and the total value of the addition is added to the Capital account once the project is complete.

Total 2023-24 TCA additions (including WIP) and their funding sources include the following:

PROJECT	MINISTRY OF EDUCATION AND CHILD CARE - BYLAW	OTHER GRANTS	OPERATING FUND	SPECIAL PURPOSE FUNDS	LOCAL CAPITAL	TOTAL 2023/24 EXPENDITURES*	PREVIOUS YEAR'S EXPENDITURES	TOTAL SPENT TO DATE **
Child Care Studios - Chase River, Forest Park, Ladysmith Primary, Qwam Qwum Stuwixwuhl, Rock City, Seaview, Georgia Ave, Ecole Quarterway	-	3,199,299	-	-	-	3,199,299	8,582,971	11,782,270
Mountain View Elementary Building Envelope	2,250,303	-	-	-	-	2,250,303	30,747	2,281,050
Other Projects including site servicing, facility upgrades, mechanical and electrical system upgrades, and functional improvements.	1,119,172	-	-	-	-	1,119,172	222,388	1,341,560
Information Technology - including document cameras, projectors, chromebooks, laptops, monitors, docking stations, Ipads, flash array memory storage	-	-	186,845	37,301	727,918	952,064	-	952,064
2 Electric Busses/Charging Station Infrastructure	356,288	496,836	-	52,127	44,041	949,292	-	949,292
Roofing - Various Locations	802,594	-	-	-	-	802,594	-	802,594
WiFi Upgrades - Various locations	378,315	-	-	-	406,376	784,691	1,400,779	2,185,470
Brechin Elementary HVAC	697,051	-	-	-	5,298	702,349	32,512	734,861
Various furniture & equipment (e.g. office furniture, desks, chairs, blinds fitness equipment)	-	-	575,894	114,542	-	690,436	-	690,436
Cedar Secondary Dust Extractor	634,191	-	-	-	-	634,191	39,573	673,764
Ecole Hammond Bay Expansion	560,451	-	-	-	-	560,451	11,901,162	12,461,613
John Barsby Secondary HVAC	312,774	-	-	99,050	-	411,824	303,312	715,136
Ecole North Oyster Building Envelope	379,783	-	-	-	-	379,783	888,513	1,268,296
Ladysmith Secondary - Interior Construction Upgrades	366,432	-	-	-	-	366,432	42,694	409,126
Four E-Transit Cargo Vans	-	-	-	-	351,815	351,815	-	351,815

This information is the total capital purchases made in 2023/24 by funding source and can be found on schedules 4A and 4B of the financial statements.

FUNDING SOURCE	SITES	BUILDINGS	FURNITURE & EQUIPMENT	VEHICLES	SOFTWARE	HARDWARE	TOTAL
Ministry of Education and Child Care - Bylaw *	-	7,683,960	866,660	356,288	-	-	8,906,908
Other Grants **	-	3,199,299	194,537	461,129	-	-	3,854,965
Operating Fund	-	-	575,894	42,562	-	186,845	805,301
Special Purpose Funds	-	99,050	207,364	-	-	37,301	343,715
Local Capital	29,499	730,890	440,725	373,510	-	727,919	2,302,543
Capital Lease	-	-	-	-	-	135,749	135,749
Total	29,499	11,713,199	2,285,180	1,233,489	-	1,087,814	16,349,181

*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/Ministry of Children and Family Development for the construction of child care spaces, and CleanBC funds for electric busses.

(Continued on next page)

(Continued)

PROJECT	MINISTRY OF EDUCATION AND CHILD CARE - BYLAW	OTHER GRANTS	OPERATING FUND	SPECIAL PURPOSE FUNDS	LOCAL CAPITAL	TOTAL 2023/24 EXPENDITURES	PREVIOUS YEAR'S EXPENDITURES	TOTAL SPENT TO DATE *
Cilaire Elementary Seismic	279,935	-	-	-	-	279,935	8,169,701	8,449,636
Randerson Elementary Field Drainage	216,074	-	-	-	-	216,074	157,175	373,249
q'unq'inuqwstuxw stadium improvements	-	158,830	-	-	-	158,830	-	158,830
Flooring - Various Locations	155,123	-	-	-	-	155,123	1,629	156,752
Learning Studios V5	-	-	-	-	149,024	149,024	125,768	274,792
Dover Bay Secondary Addition	141,780	-	-	-	-	141,780	2,130,224	2,272,004
Tractor	-	-	-	-	132,601	132,601	-	132,601
Woodlands Kitchen	114,448	-	-	-	-	114,448	-	114,448
Ecole North Oyster Seismic Planning	-	-	-	-	109,214	109,214	13,717	122,931
Outdoor Learning Spaces/Gardens	-	-	-	-	97,574	97,574	49,861	147,435
Ladysmith Primary Addition Plan	-	-	-	-	89,096	89,096	-	89,096
Ladysmith Intermediate Seismic Concept Plan	-	-	-	-	80,382	80,382	98,790	179,172
Randerson Elementary HVAC	47,813	-	-	-	-	47,813	-	47,813
Hyundai Kona Electric SUV	-	-	42,562	-	-	42,562	-	42,562
Uplands Park Elementary Playground Equipment	-	-	-	40,695	-	40,695	-	40,695
Pleasant Valley Elementary Seismic	39,823	-	-	-	-	39,823	6,008,182	6,048,005
Ladysmith Intermediate Ventilation	34,978	-	-	-	-	34,978	473,936	508,914
Accessibility Projects - Fencing, Ceiling Lift	-	-	-	-	33,253	33,253	-	33,253
Site Acquisition - View Street (demolition)	-	-	-	-	29,499	29,499	-	29,499
School Signs - Dover Bay Secondary	-	-	-	-	28,424	28,424	149,814	178,238
Traffic Speed Sign - Ecole North Oyster	-	-	-	-	18,028	18,028	-	18,028
Cilaire Elementary Playground	14,232	-	-	-	-	14,232	150,768	165,000
Building Envelope Projects - Various Locations	5,348	-	-	-	-	5,348	62,215	67,563
Total	8,906,908	3,854,965	805,301	343,715	2,302,543	16,213,432	41,036,431	57,249,863

*The total 2023/24 expenditures above differ from the previous chart as it does not include the assets purchased via capital lease.

**Total spent to date is the total spent on the specific projects being worked on in 2023/24 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 2023/24 but does not include the total investment the district has made on Wi-Fi initiatives)

LIABILITIES

Liabilities are obligations of the district to others arising from prior transactions, the settlement of which will require the use of current and future financial assets. The increase in liabilities from 2022/23 resulted mainly from changes in the following accounts:

- Increase of \$1.1M in deferred revenue from the prior year. The district receives funds throughout the year that are classified as special purpose and are considered deferred revenue until spent. Due to complexities around spending requirements, and often the timing of when funds are received, there is an increase in the amount of these special purpose funds unspent in 2023/24.
- Increase of \$6.1M in deferred capital revenue resulting from the receipt of Ministry of Education and Child Care funding for projects funded by the various capital programs, less current year's amortization.
- Increase of \$718k in unearned revenue and other liabilities due to an increase in funds received in 2023/24 from International Students for the 2024/25 school year. This includes tuition payments, homestay, and medical fees. This is offset by a decrease of \$744k in trade payables/construction hold backs due to less capital projects underway at June 30 2024, and timing of payments at year-end.

ACCUMULATED SURPLUS

[See Page 26](#) for details on the districts year-end surplus balance.

[See page 20 for details on Special Purpose Funds.](#)

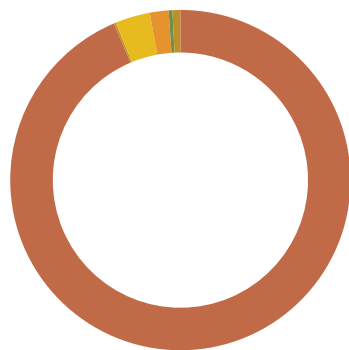
STATEMENT OF OPERATIONS

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.

CONSOLIDATED STATEMENT OF OPERATIONS				
	Operating Fund	Special Purpose Fund	Capital Fund	Total
REVENUES				
Provincial Grants				
Provincial Grants - Ministry of Education & Child Care	166,835,735	21,422,730	332,255	188,590,720
Provincial Grants - Other	321,813	147,020	-	468,833
Municipal Grants Spent on Sites	-	-	-	-
Tuition	5,897,720	-	-	5,897,720
Other Revenue	3,198,755	4,039,302	-	7,238,057
Rentals and Leases	643,617	-	-	643,617
Investment Income	1,320,701	101,883	300,470	1,723,054
Amortization of Deferred Capital Revenue	-	-	7,554,649	7,554,649
Total Revenue	178,218,341	25,710,935	8,187,374	212,116,650
EXPENSES				
Instruction	144,354,389	23,728,281	-	168,082,670
District Administration	7,090,453	546,816	-	7,637,269
Operations and Maintenance	18,678,427	871,488	12,124,628	31,674,543
Capital Lease Interest	-	-	54,411	54,411
Transportation and Housing	2,129,310	220,634	-	2,349,944
Total Expense	172,252,579	25,367,219	12,179,039	209,798,837
NET TRANSFERS (TO) FROM OTHER FUNDS				
Tangible Capital Assets Purchased	(805,301)	(343,716)	1,149,017	-
Local Capital Transfer	(2,000,000)	-	2,000,000	-
Other	(146,583)	-	146,583	-
Total Surplus (Deficit) for the year	3,013,878	-	(696,065)	2,317,813
Surplus (Deficit), beginning of year	8,579,310	-	34,551,438	43,130,748
Surplus (Deficit), end of year	11,593,188	-	33,855,373	45,448,561

OPERATING FUND

REVENUES



- Provincial - Ministry of Education & Child Care (23/24:93.6%; 22/23:93.7%)
- Provincial - Other (23/24:0.2%; 22/23:0.2%)
- Tuition (23/24: 3.3%; 22/23: 3.5%)
- Other Revenue (23/24: 1.8%; 22/23: 1.5%)
- Rentals and Leases (23/24: 0.4%; 22/23: 0.4%)
- Investment Income (23/24: 0.7%; 22/23: 0.7%)

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

The increase from prior year in provincial grants from the Ministry of Education and Child Care is primarily due to an increase in the operating grant from the Ministry. This is due to higher enrolment (additional 121.19FTE) as well as an increase in the per pupil funding rate to account for general wage increases.

PROVINCIAL GRANTS OTHER

Other Provincial Grants revenue is in line with prior year. In 2023/24 this balance consists of funds received from the Ministry of Children and Family Development (\$40k), SkilledTradesBC (\$212k), and the grants received from the Province for the district run before & after school care programs (\$69k).

The following chart provides comparisons of 2023/24 actual operating revenues to 2022/23 actual and 2023/24 annual amended budget amounts.

	FISCAL 2023/24		FISCAL 2022/23	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Provincial Grants - Ministry of Education & Child Care	165,379,077	166,835,735	152,904,386	1,456,658	0.88%	13,931,349	9.11%
Provincial Grants - Other	368,416	321,813	284,891	(46,603)	(12.65%)	36,922	12.96%
Tuition	5,725,000	5,897,720	5,764,336	172,720	3.02%	133,384	2.31%
Other Revenue	2,500,101	3,198,755	2,501,949	698,654	27.95%	696,806	27.85%
Rentals and Leases	600,000	643,617	671,436	43,617	7.27%	(27,819)	(4.14%)
Investment Income	1,100,000	1,320,701	1,138,420	220,701	20.06%	182,281	16.01%
Total	175,672,594	178,218,341	163,265,418	2,545,747	1.45%	14,952,923	9.16%

This information can be found on Schedules 2 and 2A in the financial statements.

PROVINCIAL REVENUE - BUDGET COMPARISON:

Revenue from the Province was more than the budget due to the timing of when funding is announced versus when the budget documents are prepared. The district received the 2024/25 ICY funding in June 2024, as well as \$947k more than originally projected in the February student data collection. This was primarily students with designations and refugees that were not captured on the September 2023 data collection as they were not in attendance until after that date, as well as additional courses captured under distributed learning.

TUITION

Tuition revenue has remained relatively consistent with prior year with a slight increase. The change is due to a slight increase in homestay placement/program fees as well as a small increase in FTE. It is estimated that there were approximately 7.05FTE more ISE students in fiscal 2023/24 compared to 2022/23 (357.55 versus 350.55).

OPERATING FUND

REVENUES

OTHER REVENUES:

Other revenue has increased from prior year primarily due to an increase in the funding from First Nations (\$371k). This is due to an increase in the First Nation student rate, as well as an increase in the number of students on the nominal roll. The remaining increase is due to additional cafeteria revenue, and child care fees as a result of the expansion of district run before & after school care spaces.

OTHER REVENUES – BUDGET COMPARISON

Other revenue is higher than budget primarily due to the increase in funding from First Nations as noted above (budget was based on previous year), as well as cafeteria revenue coming in higher than anticipated. The district also received other miscellaneous revenue during the year that was not anticipated including a PST reimbursement (\$41k), and BC Hydro Continuous Optimization Program funds (\$51k).

RENTALS AND LEASES

Rentals and leases revenue has decreased slightly from prior year. This is primarily due to a large rental contract at Woodlands not renewing in the 2023/24 fiscal year as they no longer needed the space.

INVESTMENT INCOME

Investment income has increased from prior year due to interest rates staying relatively consistent throughout the fiscal year with the first Bank of Canada rate decrease in June 2024. In addition, the district continues to invest additional funds in Guaranteed Investment Certificates in order to earn a higher amount of investment income.



OPERATING FUND

EXPENSES

EXPENSES BY OBJECT



- Salaries (23/24:72.6%; 22/23:72.5%)
- Employee Benefits (23/24:18.5%; 22/23:17.9%)
- Services and Supplies (23/24:8.9%; 22/23:9.6%)

SALARIES - 2024



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

The following chart provides comparisons of 2023/24 actual operating expenses to 2022/23 actual and 2023/24 annual amended budget amounts.

	FISCAL 2023/24		FISCAL 2022/23	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Salaries	127,455,832	124,970,573	116,217,346	(2,485,259)	(1.95%)	8,753,227	7.53%
Employee Benefits	32,695,666	31,888,928	28,595,698	(806,738)	(2.47%)	3,293,230	11.52%
Total Salaries & Benefits	160,151,498	156,859,501	144,813,044	(3,291,997)	(2.06%)	12,046,457	8.32%
Services & Supplies	17,830,975	15,393,078	15,379,675	(2,437,897)	(13.67%)	13,403	0.09%
Total	177,982,473	172,252,579	160,192,719	(5,729,894)	(3.22%)	12,059,860	7.53%

This information can be found on Schedules 2B and 2C in the Financial Statements.

SALARIES & BENEFITS:

91% of the district's operating expenditures are for salaries and benefits. Employee benefits includes 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 increases or decreases.

The following chart provides comparisons of the 2023/24 actual salaries/benefits to 2022/23 actual and 2023/24 annual amended budget amounts:

	FISCAL 2023/24		FISCAL 2022/23	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Teachers	77,892,867	76,310,840	71,880,669	(1,582,027)	(2.03%)	4,430,171	6.16%
Principals & Vice Principals	9,948,961	9,667,218	9,189,332	(281,743)	(2.83%)	477,886	5.20%
Educational Assistants	13,280,306	12,244,918	11,445,371	(1,035,388)	(7.80%)	799,547	6.99%
Support Staff	14,032,062	13,671,982	12,925,774	(360,080)	(2.57%)	746,208	5.77%
Other Professionals	5,702,869	5,607,744	5,071,198	(95,125)	(1.67%)	536,546	10.58%
Substitutes	6,598,767	7,467,871	5,705,002	869,104	13.17%	1,762,869	30.90%
Total Salaries	127,455,832	124,970,573	116,217,346	(2,485,259)	(1.95%)	8,753,227	7.53%
Employee Benefits	32,695,666	31,888,928	28,595,698	(806,738)	(2.47%)	3,293,230	11.52%
Total	160,151,498	156,859,501	144,813,044	(3,291,997)	(2.06%)	12,046,457	(8.32%)

OPERATING FUND

EXPENSES

**TEACHERS**

Increased teacher salaries are the biggest driver of the year over year increase in salaries with an increase of \$4.4M from prior year. This increase in expenditures is primarily due to an increase in budgeted teacher FTE of 6.651 as well as a general wage increase of 6.75% effective July 1, 2023.

PRINCIPALS AND VICE PRINCIPALS

The increase 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.

EDUCATIONAL ASSISTANTS

The increase from prior year is due to a general wage increase of 6.75% effective July 1, 2023, as well as an additional 12.929FTE of staffing in comparison to the prior year.

SUPPORT STAFF

Increased Support staff salaries are primarily due to a general wage increase of 6.75% effective July 1, 2023.

OTHER PROFESSIONALS

The increase 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

Substitute salaries have increased \$1.7M from prior year. District replacement costs have continued to increase following COVID and continue to rise due to the enhanced sick leave provisions under the Employment Standards Act requiring the district to provide 5 paid sick days to all employees (not only pursuant to the Collective Agreement language).

EMPLOYEE BENEFITS

Employee benefits have increased from prior year as a result of benefit plans cost increases in addition to the increase in employee wages.

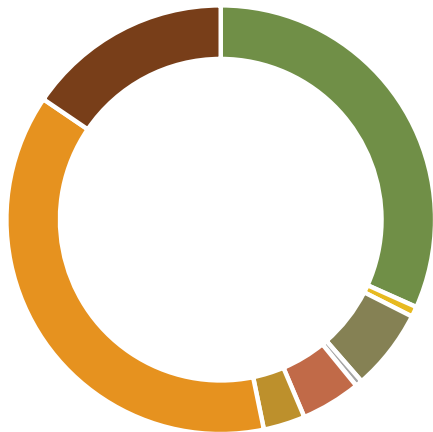
BUDGET COMPARISON

Actual figures are lower than budget due to a number of factors. The budgeted average teacher salary was slightly higher than actual costs. In addition, positions are budgeted for an entire year however when they are not filled immediately, or if a position becomes vacant there will be a surplus at the end of the year.

OPERATING FUND

EXPENSES

SERVICES AND SUPPLIES



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

The following chart provides comparisons of the 2023/24 actual various service and supply categories to 2022/23 actual and 2023/24 annual amended budget amounts:

	FISCAL 2023/24		FISCAL 2022/23	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
SERVICES	5,383,715	4,877,166	4,494,707	(506,549)	(9.41%)	382,459	8.51%
STUDENT TRANSPORTATION	119,544	119,479	116,791	(65)	(0.05%)	2,688	2.30%
PRO-D & TRAVEL	1,050,611	943,628	896,957	(106,983)	(10.18%)	46,671	5.20%
RENTALS & LEASES	78,395	79,413	8,088	1,018	1.30%	71,325	881.86%
DUES & FEES	715,033	695,642	633,775	(19,391)	(2.71%)	61,867	9.76%
INSURANCE	428,800	484,105	392,571	55,305	12.90%	91,534	23.32%
SUPPLIES	7,229,377	5,807,442	6,116,009	(1,421,935)	(19.67%)	(308,567)	(5.05%)
UTILITIES	2,825,500	2,386,203	2,720,777	(439,297)	(15.55%)	(334,574)	(12.30%)
TOTAL	17,830,975	15,393,078	15,379,675	(2,437,897)	(13.67%)	13,403	0.09%

SERVICES

Examples of expenditures in this category include but are not limited to professional services (legal, audit, consultants, contractors), district cell phones, software contracts, and International Student Education (ISE) agent fees and medical fees. The \$382k increase from prior year is primarily due to an increase in the Information Technology software contracts. The software contracts are also the main reason for the budget variance, as the budget was adjusted due to an anticipated increase in cost however, actual costs came in under the original estimate. In addition, ISE medical fees were less than expected.

STUDENT TRANSPORTATION

These costs are the operating costs for school district owned busses used to provide transportation for students, 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.

OPERATING FUND

EXPENSES

PROFESSIONAL DEVELOPMENT & TRAVEL

Costs included in this category include training and travel (including International Student Education department travel), conference fees, transportation, meals, accommodation, mileage allowances and other relevant expenses. The increase from prior year is primarily due to an increase in the contractual Pro-D payment to the Nanaimo District Teachers Association (NDTA) paid annually.

RENTALS & LEASES

Includes costs incurred for rentals of facilities. Increase from prior year is due to the district's contribution to the Harewood Centennial Park turf fields constructed by the City of Nanaimo. The district contributed \$700k to the project and has access to it through a joint use agreement over the next 10 years (\$70k/year).

DUES & FEES

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

INSURANCE

Includes the cost of insurance premiums and deductibles.

UTILITIES

Consists of electricity, natural gas, oil, propane, water, sewage, garbage, and recycling collection. Costs are lower than the prior year primarily due to a decrease in the cost of natural gas usage. With the transition to heat pumps at a few locations, and a decrease in the price of gas, the district has seen a reduction in costs. The 2023/24 fiscal year also had much milder weather resulting in lower utility expenditures overall.

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, gas, non capitalized furniture/equipment. The district had a decrease in supply costs of \$309k however this decrease is due to a number of reasons resulting in both increases and decreases from prior year.

- Information technology (IT) purchases - In 2022/23 there were two large IT purchases for computers/storage array) made valued at \$846k of which no similar purchase was made in 2023/24.
- Photocopier expenditures – In 2023/24 the majority of the photocopier costs began being accounted for as a capital lease, in the capital fund, not the operating fund. This reduced costs in the operating fund by approximately \$45k.
- Cafeteria Food Costs – increase of \$148k in food costs from 2022/23.
- Transportation Supplies increased approximately \$140k from prior year due to bus/white fleet repairs/maintenance being done externally rather than internally due to staff shortages.
- Integrated Child & Youth Teams (ICY) – there were \$63k in supply purchases for 2023/24, and none in 2022/23 as this is a new initiative funded by the Ministry of Education & Child Care.
- International Student Education (ISE) – Additional \$70k in supplies purchased to enhance the outdoor education programs offered.

The remainder of the variance is due to inflation causing an increase in costs across all categories in the current year.

The variance from the amended budget is primarily due to the capitalization of supplies. If purchases are made out of supply accounts that are capital in nature, they are recorded in the capital fund, however the budget remains resulting in an underspend. The district purchased \$805k in capital additions from the operating fund in 2023-24. There was also an underspend of ICY funds received of \$288k.



SPECIAL PURPOSE FUNDS

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. This however is very rare, and there are no known claw backs in 2023/24.

The following chart provides comparisons of 2023/24 actual special purpose fund revenue received, and expenditures incurred to 2022/23 actual and 2023/24 annual amended budget amounts.

	FISCAL 2023/24		FISCAL 2022/23	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Deferred Revenue, beginning of year	921,954	2,559,642	3,035,963	1,637,688	177.63%	(476,321)	(15.69%)
REVENUE RECEIVED							
Provincial Grants - Ministry of Education & Child Care	21,488,061	22,351,610	18,197,571	863,549	4.02%	4,154,039	22.83%
Provincial Grants - Other	147,020	187,020	30,216	40,000	27.21%	156,804	518.94%
Other Revenue	2,893,529	4,173,923	3,345,141	1,280,394	44.25%	828,782	24.78%
Investment Income	65,000	101,883	79,630	36,883	56.74%	22,253	27.95%
Total Revenue	24,593,610	26,814,436	21,652,558	2,220,826	9.03%	5,161,878	23.84%
EXPENSES							
Salaries	15,585,371	15,636,144	12,850,256	50,773	0.33%	2,785,888	21.68%
Employee Benefits	3,929,983	3,980,626	3,205,671	50,643	1.29%	774,955	24.17%
Services & Supplies	6,000,210	5,750,449	5,308,398	(249,761)	(4.16%)	442,051	8.33%
TCA Purchases	-	343,716	764,554	343,716	100.00%	(420,838)	(55.04%)
Total Expense	25,515,564	25,710,935	22,128,879	195,371	0.77%	3,582,056	16.19%
Deferred Revenue, end of year	-	3,663,143	2,559,642	3,663,143	100.00%	1,103,501	43.11%

SPECIAL PURPOSE FUNDS

REVENUES

**PROVINCIAL GRANTS –
MINISTRY OF EDUCATION & CHILD CARE**

The increase from prior year is primarily due to additional Classroom Enhancement Funds (CEF) of \$2.7M, the new Feeding Futures Funds of \$1.7M, and School Aged Child Care Spaces of \$360k.

PROVINCIAL GRANTS – OTHER

Other Provincial grants consists of revenue received from the Ministry of Tourism, Arts, Culture and Sport for the After School Sport and Arts Initiative (\$147k). and funds received from the Ministry of Public Safety for the Wellington Secondary Healing Carving Program (\$40k).

OTHER REVENUE

The increase in other revenue is due to an increase in school generated funds of \$492k, as well as a new Youth Resilience Grant from the City of Nanaimo of \$297k.

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
Annual Facility Grant	17,500	555,747	555,747	17,500	Funds for projects required to maintain facility assets through their anticipated economic life and to prevent premature deterioration of these assets.
Learning Improvement Fund	-	604,136	604,136	-	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	5,819	-	3,132	2,687	Funds for specialized equipment. Purchases in the year included risers, hammock slings, student mobility supports, life jacket for swim program, activity table.
School Generated Funds	1,637,675	3,748,291	3,559,242	1,826,724	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.
Strong Start	14,617	256,000	270,617	-	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.
Ready Set Learn	30,016	66,150	72,355	23,811	Events for 3 to 5 year olds and their parents are hosted to support early learning and facilitate a smooth transition to Kindergarten.
Official Languages Education Program (OLEP)	-	373,820	373,820	-	Funding for core French-language programs, French Immersion, and curriculum resources.
Community Link	19,225	2,567,164	2,538,426	47,963	Funding provided to support the academic achievement and social functioning of vulnerable students. With these funds the district staffs 32 Child, Youth & Family Support Workers (CYFSW), 3 full-time Coordinators and 1 part-time Teacher. There is also professional services and supply budgets available to support the program as needed.

Continued on next page

EXPENSES

Overall expenses have increased in all categories from prior year. This is due to the new revenues sources noted above, in addition to an increase in salaries/benefit costs as a result of the general wage increases across all employee groups.

**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 2023/24 the following special purpose funds required a supplement from the operating fund:

- Strong Start – \$30,207 in expenditures were supported by the Operating Fund.
- Early Care & Learning (ECL) – \$17,053 in expenditures were supported by the Operating Fund.
- Classroom Enhancement Fund (CEF) – \$194,295 in expenditures were supported by the Operating Fund. This was due to the general wage increase funding being received in the Operating Fund rather than the Special Purpose Fund.



SPECIAL PURPOSE FUNDS

Continued from previous page

GRANT NAME	OPENING BALANCE	RECEIVED IN THE YEAR	SPENT DURING THE YEAR	CLOSING BALANCE	PURPOSE OF GRANT
Classroom Enhancement Fund - Overhead	-	1,534,626	1,534,626	-	Funding for added non-teaching staff and equipment needs required as a result of restoration of class size and composition language.
Classroom Enhancement Fund - Staffing	-	12,719,608	12,719,608	-	Funding for added teachers required as a result of restoration of class size and composition. The district was funded for 105.9FTE in the current year.
Classroom Enhancement Fund - Remedies	6,451	545,885	552,336	-	Funding to pay for the cost of Teacher Remedies owed in cases where class size or composition contract language cannot be met.
First Nation Student Transportation	107,102	206,843	220,634	93,311	Funds received to support Indigenous students transportation to school and extra-curricular activities.
Mental Health in Schools	42,584	51,000	73,256	20,328	Funding provided to give students with mental health issues equitable learning opportunities. This fund staffs 1CYFSW and covers some related expenses and training.
Changing Results for Young Children	15,259	11,250	20,928	5,581	Funds provided to support Early Learning and Physical Literacy.
Safe Return to School/ Restart: Health & Safety Grant	6,147	-	6,147	-	Provincial funds provided to support additional costs of additional cleaning staff, supplies, face masks, and hand hygiene related to COVID-19. These funds have been spent in fiscal 2023/24.
Seamless Day Kindergarten	2,426	55,400	57,826	-	Funding for an Early Childhood Educator (ECE) which allows primary school children to attend childcare in a kindergarten classroom. This district used these funds to staff 1 ECE at one school as a pilot project with a small supplies budget.
Early Childhood Education Dual Credit Program	14,661	26,000	18,515	22,146	Funding for highschool students interested in becoming an ECE. This allows students to take post-secondary courses while earning their high school diploma.
Student & Family Affordability Fund	155,440	495,000	181,164	469,276	Funding for school districts to increase food security for students and their families, and to support them with affordability concerns they may have.
SEY2KT (Strengthening Early Years to Kindergarten)	8,026	19,000	10,170	16,856	Funding provides opportunities for school districts and communities to work together to support a smooth transition from home to school.
ECL (Early Care & Learning)	-	175,000	175,000	-	Funding to establish a District Lead ELCC position. The district used these funds for a District Pincipal for Early Learning and Care.
Feeding Futures	-	1,663,981	1,390,835	273,146	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 2023/24 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	-	50,000	40,529	9,471	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.
Other Misc. Grants	476,694	714,535	728,963	462,266	These include other grants schools have applied for and received. Some of the grants include Times Colonist Literacy Society Grants, Artists in Schools Grants, Adopt-A-School Vacnovuer Sun Grants, Drygrad, VIHA Mental Health & Addictions Grant, After School Sport and Art Initiatives Funding (ASSAI), City of Nanamio Youth Resilience Grant, Regional District of Nanaimo Zero Waste funds, and Ministry of Public Safety - Wellington Healing Carving Program.
Project Penny	-	15,000	2,341	12,659	Funding to assist with phone/alarm line conversions from copper to fibre optic.
School Age Child Care Spaces	-	360,000	582	359,418	Funding to support participation in a 2-year pilot to expand child care spaces on school grounds. Funds will be used to support the cost of a manager and co-ordinator to run the districts expanding child care sites.
TOTAL	2,559,642	26,814,436	25,710,935	3,663,143	



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 in order 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 2023/24 actual capital fund revenue and expenditures incurred, to 2022/23 actual and 2023/24 annual amended budget amounts.

	FISCAL 2023/2024		FISCAL 2022/23	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Revenues							
Provincial Grants - Ministry of Education & Child Care	-	332,255	112,385	332,255	100.00%	219,870	195.64%
School Site Acquisition Charges	-	-	124,379	-	0.00%	(124,379)	100.00%
Investment Income	200,000	300,470	237,421	100,470	50.24%	63,049	26.56%
Amortization of Deferred Capital Revenue	7,450,000	7,554,649	6,822,508	104,649	1.40%	732,141	10.73%
Total Revenue	7,650,000	8,187,374	7,296,693	537,374	7.02%	890,681	12.21%
Expenses							
Operations and Maintenance	-	695,967	394,677	695,967	100.00%	301,290	76.34%
Capital Lease Interest	-	54,411	-	54,411	100.00%	54,411	100.00%
Amortization of Tangible Capital Assets	11,200,000	11,428,661	10,557,135	228,661	2.04%	871,526	8.26%
Total Expense	11,200,000	12,179,039	10,951,812	979,039	8.74%	1,227,227	11.21%

REVENUES

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

These funds are the revenue recognized for costs that were considered non-capital in nature and therefore expensed in the capital fund rather than recognized as an increase in the amortization of deferred capital revenue.

SCHOOL SITE ACQUISITION CHARGES

Funds in this category would be school site acquisition charges used to purchase property. No school site acquisition charges were used in 2023/24.

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.

CAPITAL FUND

EXPENSES

OPERATIONS AND MAINTENANCE

These expenditures represent the costs that were considered non-capital in nature and therefore expensed in the capital fund rather than recognized as an increase to the amortization of deferred capital revenue. In 2023/24 these expenses are primarily painting, and portable moves.

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.



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, 2024. The balances are as follows:

	2023/24	2022/23	VARIANCE
Ministry of Education and Child Care - Bylaw Capital	90,679	60,699	29,980
Ministry of Education and Child Care - Restricted Capital	2,709,431	20,687	2,688,744
Other Provincial Capital	3,457,301	5,524,666	(2,067,365)
Land Capital	349,197	47,532	301,665
Other Capital	-	-	-
Total Unspent Deferred Capital Revenue	6,606,608	5,653,584	953,024

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.

CAPITAL FUND

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 transfer and recognition of surplus funds applicable to the Cilaire Elementary and Pleasant Valley Seismic Projects, as well as the Dover Bay Secondary Expansion Project.

OTHER PROVINCIAL CAPITAL

These funds were provided by the Ministry of Children and Family Development, and the Ministry of Education and Child Care for the construction of various child care facilities throughout the district. In 2023/24 the district received \$1.1M in ChildCare BC New Spaces funds for the construction of child care spaces throughout the district. Overall, the balance has decreased from prior year as a result of continuous work on the various child care facilities being constructed (Chase River, Forest Park, Ladysmith Primary, Qwam Qwum Stuwixwuhl, Rock City, Seaview, Georgia Ave, 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).

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, 2024 the district ended the year with an accumulated surplus of \$45.4M, of which \$11.6M is in the Operating Fund, and \$33.8M is in the Capital Fund.

Accumulated Surplus is comprised of the following components:

	2023/24	2022/23	\$ CHANGE
Operating Fund			
Restricted Operating Surplus:			
Restricted Surplus Reserve for Anticipated Unusual Expenses	1,023,700	984,271	39,429
Restricted Surplus Reserve for Financial Constraints/Targeted Funds	3,899,764	3,708,693	191,071
Restricted Surplus Reserve for Operations Spanning Multiple School Years	1,165,733	1,186,346	(20,613)
Total Restricted Accumulated Operating Surplus	6,089,197	5,879,310	209,887
Total Unrestricted Operating Surplus	5,503,991	2,700,000	2,803,991
Accumulated Operating Surplus	11,593,188	8,579,310	3,013,878
Capital Fund			
Investment in Tangible Capital Assets	29,644,677	29,935,253	(290,576)
Local Capital	4,210,696	4,616,185	(405,489)
Total Capital Surplus	33,855,373	34,551,438	(696,065)
Total Accumulated Operating Surplus	11,593,188	8,579,310	3,013,878
Total Capital Surplus	33,855,373	34,551,438	(696,065)
Total Accumulated Surplus	45,448,561	43,130,748	2,317,813

See financial statement note 13 for additional details.



ACCUMULATED SURPLUS

OPERATING FUND

The district ended the year with an annual operating surplus of \$3M, which added to the accumulated operating surplus of \$8.6M, resulted in a revised accumulated operating surplus in the amount of \$11.6M. The \$3M annual operating surplus is due to a number of factors. Most notably, the district retains a total of \$1.1M in unspent integrated Child and Youth (ICY) Team funding of which a large portion was received and recorded in June 2024, but these funds are specifically intended for use in 2024/25. In addition, the February/May Student Data Collections, confirmed late in the fiscal year, resulted in higher enrolment numbers than what were originally anticipated and brought in an additional \$948k in revenue which was not able to be allocated and spent by June 30. Finally, there were many staffing complexities which included difficulty recruiting for some hard to fill positions, as well, the budgeted average teacher salary was slightly higher than the actual cost of teacher salaries over the fiscal year.



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. The \$1M in fiscal 2023/24 are primarily funds reserved for anticipated additional staffing and replacement costs as well as funds for the trustee by-election and the district’s website redesign.

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 included in this reserve include the benefit premium balance available to reduce future benefit expenditures (\$2.1M), funding received in 2023/24 specifically for 2024/25 Integrated Child and Youth (ICY) teams (\$1.1M), unspent Indigenous Education Programs funding (\$290k), and unspent Teacher Mentorship grant (\$255k).

OPERATIONS SPANNING MULTIPLE SCHOOL YEARS

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 to complete the equipment replacement initiative started in 2023-24 (\$600k), funds to support reopening Rutherford Elementary (\$250k), unspent school balances from the prior year (\$241k), and a child care reserve for the excess funds received related to the four child care sites operated by third party providers (\$75k).

ACCUMULATED SURPLUS

CAPITAL FUND**INVESTMENT IN TANGIBLE CAPITAL ASSETS**

The Investment in Tangible Capital Asset balance of \$29.6M 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 balance represents the accumulated surplus of funds that have been set aside for future anticipated capital purchases. The following summarizes the Local Capital balance as at June 30, 2024, as well as presents the budgeted Local Capital spending plan over the next three 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>		2023/24 YE Financial Position	Budget 2024- 25	Budget 2025- 26	Budget 2026- 27
Deferred Revenue per Financial Statements		4,616,185	4,210,696	3,635,696	2,275,000
<u>Operating Fund and/or Accumulated Surplus Transfers</u>					
Transfer necessary to support three-year planning		-	2,000,000	500,000	2,000,000
Technology / Infrastructure Upgrades		2,000,000	1,000,000	500,000	500,000
<i>Total Transfer from Operating</i>		<i>2,000,000</i>	<i>3,000,000</i>	<i>1,000,000</i>	<i>2,500,000</i>
Investment Income		300,470	225,000	150,000	100,000
Total Revenue		6,916,655	7,435,696	4,785,696	4,875,000
<u>Planned Local Capital Projects</u>					
Board Goal - Student Success					
LC035	Equitable Access to Technology (Wi-Fi)	437,491	500,000	500,000	500,000
LC609	Technology Plan	727,918	750,000	750,000	750,000
LC800	Learning Studios	147,220	300,000	250,000	250,000
LC997	Enrollment Growth Space Needs	366,585	600,000	300,000	300,000
LC561	Outdoor Learning Fund	82,648	200,000	35,696	-
Board Goal - Student and Employee Wellness					
LC681	Accessibility	34,909	75,000	75,000	75,000
LC750	School Enhancement Projects	23,895	150,000	100,000	100,000
Board Goal - Truth and Reconciliation					
LC203	Syeyutsus Support	14,924	-	-	-
Long Range Facilities Plan (LRFP)					
LC724	E-Bus	44,041	-	-	-
LC580	Vehicle Replacement Program/AMP	484,416	425,000	300,000	300,000
LC823	District Equipment/Signage	28,424	-	-	-
LCSSA	School Site Acquisition Fund	29,499	-	-	-
LCCAP	Support of Pending/New Capital Projects	278,691	200,000	100,000	100,000
LCXXX	Residual Prior Yr. Project Expense	5,298			
TBD	LIS/NDSS/Rutherford - Capital Contributions	-	600,000	100,000	2,500,000
Total Projects/Expenses		2,705,959	3,800,000	2,510,696	4,875,000
<u>Fund Balance</u>		4,210,696	3,635,696	2,275,000	0

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. We anticipate that we will continue to see an increase in enrolment into the 2024/25 school year and are facing significant space challenges at a number of our elementary and secondary schools. Preparation for the re-opening of Rutherford Elementary (Sept 2025) will take place in the 2024/25 fiscal year. The Board has restricted Accumulated Operating Surplus funds to fund the re-opening (equipment, supplies), however the ongoing operating costs associated with the re-opening will need to be absorbed by the 2025/26 Operating Budget via future enrolment increases, and/or transfer of resources between neighboring schools.

CAPITAL/LOCAL CAPITAL

As aging facilities and capacity pressures are a concern, the district's 5-year Capital Plan is focused on solutions to most pressing needs. However, with population growth in BC at an all time high, the Ministry of Education and Child Care is faced with addressing the most significant space constraints, which are predominantly in the lower mainland. This has unfortunately delayed capital projects that were anticipated to be approved in the current year. The district will continue to apply for the seismic upgrade, and/or replacement of NDSS, and other projects aimed at mitigating future pressures. The shift in Ministry focus means the district may need to utilize any available portable inventory and incur the costs associated with refurbishing and moving them to applicable sites. It will be important for the board to restrict surplus dollars for anticipated needs.

SEISMIC ACTIVITY

The district is located in an active seismic zone. Further, many of our facilities are rated at a high level of risk in the event of seismic activity. Obviously, a major seismic event would have a catastrophic impact on not only our district but also our community; however, even a minor event could put the district's continued use of a number of facilities at risk requiring alternative facilities and the associated expenses.

INFLATION

Inflationary cost pressures facing the district continue to rise, the most significant are the heightened cost of replacement staff, the rising cost of fuel and carbon taxes, and employee benefit costs. Although the Ministry of Education and Child Care increased the 2024/25 Operating Grant to absorb general wage increases, they have not addressed inflationary costs. As well, many of the districts Special Purpose Funds do not cover all the associated costs thus the Operating Fund must supplement the shortfall, limiting resources that could address inflationary cost pressures.

TECHNOLOGY AND CYBER SECURITY

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. The district therefore continues to restrict operating funds 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, however, if funded by the Ministry, resources could be redirected to additional programing aimed at enhancing student outcomes.

Recently, cyber attacks on public education institutions have been on the rise. While the district is pro-active in ensuring the security of our systems, the reality is international cyber criminals are incredibly sophisticated and a successful attack against our systems could result in significant costs and/or impact on the district.

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.

PROGRAM ENHANCEMENT

The district recently acquired Open Parachute, a software solution that creates mental health and well being programs for K-12 students. In support of the new Board Goal of Student and Employee Wellness outlined in the 2024-2028 Strategic Plan, this program is an exceptional tool for district and teaching staff to provide students with enhanced programming and supports.

WORKFORCE CHALLENGES

In an effort to mitigate recruitment and retention challenges across the system, the Ministry of Education and Child Care created a K-12 Workforce Plan to collectively work towards a stable, qualified, and engaged workforce. As the district has been facing ongoing challenges in filling vacant positions, this initiative is a welcome opportunity to enhance our current workforce over the coming years.



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.

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 Nanaimo Ladysmith Public Schools Financial Management

This financial report is designed to provide NLPS partners 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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