

FOR: FINANCE AND AUDIT COMMITTEE

MEETING DATE: March 18, 2026

DEPARTMENT: Finance

SUBJECT: **2025 Budget Carryforwards**

OVERVIEW

Purpose of Report

To provide the Finance and Audit Committee with a summary of the 2025 budgets carried forward to 2026.

BACKGROUND

At the end of each fiscal year, the budgets for capital and operating projects are reviewed to determine whether unspent amounts should be carried forward to the following year. Project budgets are carried forward when a project is incomplete, delayed, or has not yet started but is expected to proceed in the next fiscal year.

For projects that are completed or cancelled during the year, any remaining unspent budget is treated according to its funding source. Unspent amounts originally funded through general revenue contribute to the City's operating surplus. Unspent amounts funded from reserves are returned to the applicable reserve to support future project requirements.

Projects that are delayed or not started at year-end and are *not* anticipated to commence in the following fiscal year are not carried forward

DISCUSSION

A total of \$58,833,838 from the 2025 budget has been carried forward into 2026. Of this amount, \$57,515,094 relates to project budgets and \$1,318,744 relates to operating budgets.

Table 1 provides a breakdown of the 10 most significant carryforwards.

Table 1: Breakdown of Significant Carryforwards

Project	Amount	Project Status @ Dec 31, 2025
Third & Fitzwilliam Area Upgrades Ph1	5,772,035	In progress
Hammond Bay Area SS, WM & Rehab Project	3,080,234	In progress
City Fleet - 10 Units	2,132,087	6 in progress, 2 substantially complete, 2 not started
NAC HVAC Equipment Upgrades	2,013,238	In progress
South End Community Centre Conceptual Design	2,000,000	Not started
Police Operations Building Expansion	1,975,627	In progress
Midtown Gateway Transportation & Utility Project	1,637,017	Substantially complete
Public Works Yard Update	1,565,027	In progress
Beban Park Complex Roof Replacement	1,530,117	In progress
Stadium District	1,460,155	In progress
Total	23,165,537	

Table 2 provides a breakdown of all carryforwards.

Table 2: Summary of Project Carryforwards (Cfwd) By Department

Division	Department/Area	2025 Budget	Total Cfwd	Project Status of Cfwd by \$'s		
				Substantially Completed	In Progress	Delayed/Not Started
Administrative Services	CAO Office	92,000	-	-	-	-
	Human Resource	47,409	6,844	-	-	6,844
	Legislative Services	64,200	-	-	-	-
	Total Administrative Services	203,609	6,844	-	-	6,844
Community Services	Community Safety Admin	-	3,000	-	-	3,000
	Nanaimo Fire Rescue	8,268,562	1,899,820	375	970,202	929,243
	Parks, Recreation & Culture	28,743,962	16,661,969	481,659	11,158,923	5,021,387
	Police Services	4,812,468	3,459,396	-	3,424,469	34,927
	Public Safety	3,934,816	962,940	-	870,949	91,991
Total Community Services	45,759,808	22,987,125	482,034	16,424,543	6,080,548	
Corporate Services	Corporate & Business Development	10,624,375	1,106,612	-	881,429	225,183
	Corporate Services Admin	100,000	100,000	-	-	100,000
	Corporate Civic Facilities	547,139	595,342	-	569,942	25,400
	Finance	93,022	25,359	-	21,523	3,836
	Information Technology	4,284,934	1,499,700	-	986,228	513,472
	Total Corporate Services	15,649,470	3,327,013	-	2,459,122	867,891
Planning & Development	Planning & Development	2,720,630	1,186,240	-	1,034,030	152,210
	Total Planning and Development	2,720,630	1,186,240	-	1,034,030	152,210
ENGPW	ENG PW	38,218,108	17,753,573	1,449,433	13,506,525	2,797,615
	Sewer	9,356,355	3,575,428	80,213	3,038,575	456,640
	Water	24,006,707	8,678,871	1,311,242	5,605,806	1,761,823
	Total ENG PW	71,581,170	30,007,872	2,840,888	22,150,906	5,016,078
Total All	135,914,687	57,515,094	3,322,922	42,068,601	12,123,571	
% of Total Carried Forward				6%	73%	21%

Budget Adjustments Identified During the Carryforward Review

As part of the annual carryforward process, four project budgets required increases of more than \$100,000 to reflect updated cost estimates or project requirements:

Project	2025 Cfwd	Budget Increase	2026 Budget	Final 2026 Budget
City Hall: Lighting	84,768	100,232	-	185,000
Police Operations Building Expansion	1,781,620	194,007	-	1,975,627
Enterprise Resource Platform (ERP)	164,993	125,000	900,000	1,189,993
Kenworth: Shenton Rd to Diver Lake Drainage	63,530	281,000	-	344,530

In addition, one new project with a value greater than \$75,000 was added:

- Property Valuation Project: \$150,000

Reasons for Carryforwards

Carryforwards occur for a variety of operational and project-related reasons, which can vary from year to year. Key factors include:

- Capacity constraints: Internal staffing shortages, challenges attracting qualified candidates, and limited availability of contractors and vendors.
- Delays in approvals: Community engagement considerations, regulatory requirements, and permitting processes may delay project timelines.
- Workplan changes: Emerging priorities or opportunities may require reallocation of staff resources and adjustments to planned work.
- Impact to services: Project timing may be modified to minimize disruption to residents or facility users, particularly for facility-based work.
- Cash flow timing: Actual project spending may differ from forecasts prepared at the time the budget was approved. Project timelines are planned to optimize resource allocation; for example, a project budgeted for the year may begin in late summer and continue into the following spring, resulting in spending that spans multiple fiscal periods.

Attachment A to this report provides a full breakdown of carryforward amounts by department along with their corresponding funding sources.

FINANCIAL CONSIDERATIONS

Overall, the financial impact of the carryforward process is managed within existing financial plan and maintains alignment with the City's long-term financial planning and reserve management practices.

COMMUNICATION AND COMMUNITY ENGAGEMENT

This initiative does not require a statutory notification or include community engagement activities.

ALIGNMENT WITH CITY PLAN

The budgets carried forward to 2026 fund projects that support a variety of projects that aligned with many of the goals in City plan:

- A Green Nanaimo: Resilient and Regenerative Ecosystems
- A Connected Nanaimo: Equitable Access and Mobility
- A Healthy Nanaimo: Community Wellbeing and Livability
- An Empowered Nanaimo: Reconciliation, Representation and Inclusion
- A Prosperous Nanaimo: Thriving and Resilient Economy

ALIGNMENT WITH COUNCIL'S STRATEGIC PRIORITIES

The report is aligned with the following Council Strategic Framework priorities:

- Implementing City Plan Action Plans and Key City Management Plans
- Social, Health and Public Safety Challenges
- Maintaining and Growing Current Services
- Capital Projects
- Communicating with the Community
- Governance and Corporate Excellence

NEXT STEPS

The 2026 – 2030 Final Financial Plan Bylaw will reflect the revised 2026 budget amounts, including the 2025 budgets carried forward. |

KEY MESSAGES

- Each year, budgets for projects that are still in progress or were delayed/not started are carried forward to the following year.
- Total carryforwards from 2025 to 2026 was \$58,833,838, \$57,515,094 for projects and \$1,318,744 for operating

ATTACHMENTS

ATTACHMENT A: 2025 Carryforwards Analysis: Breakdown by Department with Funding Source |

Authored by:

Wendy Fulla
Director, Finance |

Concurrence by:

Bill Sims
General Manager, Engineering & Public Works

Lisa Bhopalsingh
General Manager Community Services & Deputy CAO

Laura Mercer
General Manager, Corporate Services