

THE CORPORATION OF THE  
**CITY OF WHITE ROCK**  
CORPORATE REPORT



**DATE:** April 27, 2026

**TO:** Mayor and Council

**FROM:** Candice Gartry, CPA, CGA, Director, Financial Services  
Darcy Dupont, Senior Project Manager, Community Hub

**SUBJECT:** Estimated 2025 General Fund Operating Surplus and Allocation

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**RECOMMENDATION**

THAT Council:

1. Receive the April 27, 2026, corporate report from the Director of Financial Services and the Senior Project Manager of the Community Hub, titled “Estimated 2025 General Fund Operating Surplus and Allocation;” and
  2. Direct staff to distribute the balance of the estimated Uncommitted General Fund Surplus to the Community Hub Reserve Fund.
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**EXECUTIVE SUMMARY**

Section 167 of the *Community Charter* requires municipalities to submit audited financial statements for the preceding year to the Province before May 15.

To support completion of the 2025 audited financial statements, staff are seeking Council direction regarding the allocation of the estimated Uncommitted General Fund Operating Surplus.

This report outlines the estimated 2025 General Fund surplus position, provides an overview of related financial considerations, and presents staff’s recommendation for the allocation of the remaining uncommitted surplus.

**PREVIOUS COUNCIL DIRECTION**

<b>Motion # &amp; Meeting Date</b>	<b>Motion Details</b>
2025-231 July 7, 2025	THAT Council gives final reading to "White Rock Financial Plan (2025-2029) Bylaw, 2025, No. 2534, Amendment No. 1, No. 2539.  CARRIED

**INTRODUCTION/BACKGROUND**

In accordance with Section 167 of the *Community Charter*, municipalities are required to submit audited financial statements for the prior fiscal year before May 15. For the year ended December 31, 2025, the City must therefore complete and submit its audited financial statements before May 15, 2026.

As part of the year-end financial reporting process, Council direction is required regarding the allocation of the estimated Uncommitted General Fund Operating Surplus. Providing this direction in advance of audit completion ensures timely finalization of the financial statements and compliance with statutory reporting requirements.

**Financial Statement Audit Status**

The external audit of the City’s 2025 financial statements is currently underway and is anticipated to conclude by the end of April. At this time, no material changes to the estimated surplus position are expected. The finalized audited financial statements, together with the auditor’s opinion, will be presented to Council prior to the statutory submission deadline.

**Consolidated Surplus Overview**

While the year-end audit remains in progress, the consolidated surplus - representing total revenues less expenditures across all City funds - is estimated at \$14.9M for 2025, prior to budgeted transfers to reserves and capital expenditures. This compares to a consolidated surplus of \$17.9M in 2024.

Table 1 – 2025 Estimated Consolidated Surplus

	2025 Estimated Surplus (Deficit)	2024 Actual Surplus (Deficit)
General Fund	\$8.2M	\$12.0M
Water Utility Fund	3.2M	2.6M
Sanitary Sewer Utility Fund	1.0M	0.8M
Drainage Utility Fund	2.2M	2.3M
Solid Waste Utility Fund	0.3M	0.2M
<b>Total</b>	<b>\$14.9M</b>	<b>\$17.9M</b>

**Budgeted Transfers to Reserves**

As part of a city’s long-term financial strategy, annual transfers to reserves are incorporated into the budget. These budgeted transfers to reserves are essential to support asset sustainability, financial resiliency, and infrastructure planning. These budgeted transfers contribute to:

1. Asset (infrastructure and capital) maintenance and replacement: Assets such as roads, buildings and equipment have a limited lifespan and require maintenance and eventual replacement.
2. Long-term financial planning: Budgeting for capital asset reserves enables municipalities to engage in long-term financial planning by regularly setting aside funds to anticipate future infrastructure needs.
3. Mitigation of financial risk: Creating and contributing to reserves for capital assets helps municipalities mitigate financial risk and reduce the reliance on debt financing for infrastructure projects.

- Maintaining creditworthiness: Sound financial management, including budgeting for capital asset reserves, is important for maintaining a municipality’s creditworthiness.

**General Fund Surplus Information**

The 2025 General Fund surplus prior to planned transfers to reserves and capital expenditures is estimated at \$8.2M per the preceding Table 1. After accounting for net budgeted transfers to reserves and capital expenditures, the estimated Uncommitted General Fund Operating Surplus is \$4.0M (2024: \$6.5M). Table 2 below provides a high-level summary.

Table 2 – Summary of Uncommitted General Fund Surplus

	2025 Estimated Actual	2024 Actual
Investment income variance	(\$0.5M)	\$2.2M
Wages and benefits variance	1.8M	1.9M
RCMP contract cost variance	1.0M	0.8M
Operating contingency variance	0.7M	0.7M
Penalties, interest, licences and other revenue variance	0.4M	0.3M
Recreation and Culture net programming variance	0.2M	-
Accounting standard implementation timing	-	0.3M
Other operating variances	0.4M	0.3M
<b>Total</b>	<b>\$4.0M</b>	<b>\$6.5M</b>

**Next-Year Budget Items Funded From Prior-Year Surplus**

One-time or non-recurring budget items are typically funded from prior-year surplus where available, rather than through ongoing property tax increases. For the 2026 budget year, no one-time items were identified for funding from the General Fund surplus.

In addition, operating budget carryforwards represent projects or initiatives that were approved but not completed within the fiscal year, often due to capacity or timing constraints. In 2025, operating carryforwards were negligible (less than \$20K) and therefore do not materially impact the surplus allocation. Table 3 below summarizes next-year budget items funded from prior-year surplus.

Table 3 – Next-Year Budget Items Funded from Prior-Year Surplus

	2025 Estimated Actual	2024 Actual
Uncommitted Surplus	\$4.0M	\$6.5M
Funding for next year one-time budget items	-	(0.5M)
Carry forward of unspent operating budget items to next year	-	(0.1M)
<b>Total</b>	<b>\$4.0M</b>	<b>\$5.9M</b>

### **Staff Recommended Allocations/Distributions**

The City is currently advancing several significant capital and community priorities supported through reserve funding, including the Community Hub, Pier Preservation/Reconstruction, and Affordable Housing initiatives.

In evaluating the appropriate allocation of the 2025 Uncommitted General Fund Surplus, staff considered both alignment with Council priorities and the relative readiness of each initiative to effectively utilize additional one-time funding.

The Community Hub project is actively progressing through Decision Gate 1 (Due Diligence) following Council's unanimous direction on February 9, 2026. Current work includes advancing technical studies, refining scope and cost estimates, and preparing materials required to support Council consideration at Decision Gate 2. Additional reserve funding at this stage directly supports ongoing work, maintains project momentum, and reduces reliance on short-term financing or future tax-supported contributions.

The Pier Preservation/Reconstruction initiative remains a key Council and community priority, with a federal funding application currently under consideration through the Build Communities Strong Fund (BCSF). The project has been advanced to support this application and is positioned to proceed should funding be secured.

The City currently maintains approximately \$3.1M within the Pier Reserve, which is considered sufficient to support near-term requirements and next steps in alignment with potential funding outcomes. As such, while the initiative remains a priority, additional reserve contributions at this time are not required to maintain project readiness.

Affordable Housing also remains a key area of Council and community focus. The City currently holds approximately \$10.8M in the Affordable Housing Reserve. Work is ongoing to refine the City's role in delivering housing outcomes, including consideration of a land-based partnership model. At this stage, the primary constraints relate to delivery model, site identification, and partnerships, rather than available funding. Additional reserve contributions at this time would not materially advance a specific project without these elements in place.

Based on this assessment, staff conclude that the Community Hub is the most advanced and decision-ready initiative for allocation of the 2025 Uncommitted General Fund Surplus. Staff therefore recommend that the remaining Uncommitted General Fund Surplus of approximately \$4.0M be transferred to the Community Hub Reserve.

This approach:

- Aligns with Council's previously established direction;
- Supports continuity of work through Decision Gate 2;
- Ensures funding is aligned with an initiative that is actively advancing;
- Strengthens the City's position and maintains flexibility to incorporate funding opportunities and project refinements; and
- Reduces the potential need for future debt financing or tax-supported funding.

### **Funding Balances for Select Council Strategic Priority Projects**

For Council's information, Table 4 that follows summarizes the estimated funding balances as at the end of 2025 for select Council strategic priority initiatives – specifically, Affordable Housing, the Community Hub, and the Pier Preservation/Reconstruction.

The increase in the Affordable Housing funding balance compared to the prior year is primarily attributable to a \$1.0M budgeted transfer from the Community Amenity Contributions reserve in 2025. No further transfers into this reserve are currently planned.

Amounts allocated to these initiatives from the Province’s Growing Communities Fund grant are presented on a separate line, as the terms of the grant require these funds to be maintained in their own statutory reserve.

Table 4 – Select Funding Balances

	2025 Estimated Year End Balance	2024 Year End Balance
Affordable Housing Reserve	\$9.1M	\$7.8M
Amount allocated & available in the Growing Communities Fund reserve	1.7M	1.7M
<b>Total Available - Affordable Housing</b>	<b>\$10.8M</b>	<b>\$9.5M</b>
Community Hub Reserve	\$8.5M	\$8.5M
Amount allocated & available in the Growing Communities Fund reserve	2.0M	2.0M
<b>Total Available - Community Hub</b>	<b>\$10.5M</b>	<b>\$10.5M</b>
Pier Preservation Reserve	\$1.6M	\$1.6M
Amount allocated & available in the Growing Communities Fund reserve	1.5M	1.5M
<b>Total Available - Pier Preservation/Reconstruction</b>	<b>\$3.1M</b>	<b>\$3.1M</b>

**Amounts Set Aside in the General Operating Fund Accumulated Surplus Reserve – 2023 Year End**

As part of the 2023 year-end process, a total of \$990K from the 2023 Uncommitted General Fund Operating Surplus was retained in the General Operating Fund Accumulated Surplus Reserve for future use. Of this amount, \$430K has been allocated to fund the temporary Manager of Budgets and Accounting position through 2028, and \$277K has been allocated to fund the temporary Business Systems Analyst position through 2026. The remaining \$283K remains unallocated and available for future Council direction.

**FINANCIAL IMPLICATIONS**

After accounting for planned reserve transfers and capital expenditures, the estimated 2025 Uncommitted General Fund Operating Surplus is \$4.0M. Staff recommend allocating the full amount to the Community Hub Reserve.

Should Council choose not to allocate the surplus as recommended, available funding to support continued advancement of the Community Hub through the next phase may be constrained. This could impact the timing or scope of certain amenities currently under consideration, or require the City to explore alternative funding approaches, including debt financing, to maintain project momentum.

Any Council-approved allocations from the 2025 Uncommitted General Fund Operating Surplus will be reflected in the City’s reserve fund balances and reported as part of the 2025 audited financial statements and the 2026–2030 Financial Plan.

## **LEGAL IMPLICATIONS**

Section 167 of the *Community Charter* requires municipalities to submit audited financial statements for the preceding year by May 15. Council direction regarding the allocation of the 2025 Uncommitted General Fund Operating Surplus is required to finalize the City's 2025 financial statements in compliance with this requirement.

## **ALIGNMENT WITH STRATEGIC PRIORITIES**

The recommendation outlined in this report supports Council's strategic priorities related to community development, infrastructure resiliency, and effective organizational governance. In particular, the proposed allocation of the 2025 Uncommitted General Fund Operating Surplus supports advancement of the Community Hub project, aligns with Council's objective to ensure long-term infrastructure sustainability, and reflects a long-term, fiscally responsible approach to funding significant community assets.

## **OPTIONS / RISKS / ALTERNATIVES**

Council may choose to allocate some or all the 2025 Uncommitted General Fund Operating Surplus to alternative reserve funds, including the Pier Preservation/Reconstruction Reserve or the Affordable Housing Reserve.

## **CONCLUSION**

The allocation of the 2025 Uncommitted General Fund Operating Surplus is required to support completion of the City's audited financial statements. Based on the current surplus position, project readiness, and alignment with Council direction, staff recommend transferring the remaining uncommitted surplus to the Community Hub Reserve. This approach directs one-time funding to an initiative that is actively advancing, supports continued progress through the next decision phase, and helps maintain flexibility while reducing potential reliance on future debt or tax-supported funding.

Respectfully submitted,



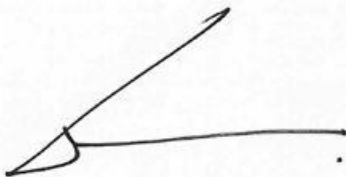
Candice Gartry, CPA, CGA  
Director, Financial Services



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## **Comments from the Chief Administrative Officer**

I concur with the recommendations of this corporate report.



Guillermo Ferrero  
Chief Administrative Officer