SUMMER VILLAGE OF WHITE SANDS

Prepared by: Administration **Number**: CNL 2.2

Adopted by: White Sands Council **Date**: April 20, 2026
Resolution# 26:04:25

Title: **Reserves & Surplus Allocation Policy**

1. **Purpose:** The purpose of this policy is to establish a clear and consistent framework for the management of municipal reserves and the allocation of annual operating surplus, ensuring financial stability, long-term planning, and efficient administration

2. **Guiding Principles:** The municipality shall manage reserves in a manner that:
   - Maintains financial stability and cashflow
   - Supports long-term capital and asset planning
   - Provides flexibility for emerging priorities and grant opportunities
   - Remains simple, practical, and appropriate for the size of the municipality

3. **Reserve Structure:** The municipality maintains the following reserves:
   - General Operating Reserve
   - Infrastructure & Roads Reserve
   - Equipment Reserve
   - Elections
   - Fire & Protective Services
   - Buildings & Facilities Reserve
   - Parks & Open Spaces Reserve
   - Grant Readiness Reserve *(if utilized)*
   - Public Land Reserve *(restricted use under the Municipal Government Act and/or subdivision development agreement)*

4. **General Operating Reserve:** The General Operating Reserve shall maintain a balance of $200,000. This reserve is intended for:
   - Cashflow requirements prior to tax collection
   - Emergencies and unforeseen expenditures
   - Operational stabilization

5. **Use of Reserves:**
   - Reserve funds shall be used only for their intended purpose unless otherwise directed by council resolution.
   - All reserve expenditures require Council approval through the annual budget or by resolution.
   - The Public Land Reserve is legislatively restricted and may only

be used for eligible public land purposes.

6. **Annual Review:** Reserves shall be reviewed annually as part of the budget process and Council may adjust reserve allocations based on:
   - Infrastructure and asset needs
   - Equipment replacement requirements
   - Facility lifecycle planning
   - Grant opportunities
   - Overall financial position

7. **Year-End Surplus Allocation:** At the completion of each fiscal year, the following process shall be applied:

7.1 Determination of Surplus

Administration will be determine by the annual financial statement regarding "Net Revenue, Before Amortization and Other".

7.2 General Reserve Requirement

Funds shall first be allocated to ensure the General Operating Reserve maintains a balance of $200,000.

7.3 Allocation of Remaining Surplus

Any remaining surplus shall be allocated as follows:

- 25% → Fire & Protective Services
- 75% -> Other Reserves, as distributed below or as per council direction

Reserve	**Allocation of 75%**
Infrastructure & Roads	25%
Equipment	15%
Elections	10%
Buildings & Facilities	15%
Parks & Open Spaces	15%
Grant Readiness	20% *(or reallocated as needed)*

8. **Flexibility** Council may, by resolution, adjust reserve allocations or surplus distributions in any given year to reflect current priorities, projects, or funding opportunities.

9. **Administrative Application:** This policy is intended to guide internal financial planning and reserve management. Reserve allocations and surplus distributions do not limit Council's authority to allocate funds by resolution.

10. **Reserve Accounting:** Reserves established under this policy are accounting allocations only and do not require separate bank accounts. All reserve funds are held within the municipality's general bank account and tracked through financial records.

11. <u>Effective Date:</u> This policy comes into effect upon adoption by Council and shall be reviewed periodically as required.