



Town of Onoway
Request for Decision

Meeting:	Council Meeting
Meeting Date:	February 23, 2023
Presented By:	Tim Duhamel, President, Bloom CME
Title:	Reserve Recommendation Query

BACKGROUND / PROPOSAL

Councillor Coninx has raised concern about the treatment of town reserves. The concern includes:

1. The recommendation to collapse the reserves
2. The accuracy of the transaction

DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES

Certain decisions obligated the Town to contractual payments of approximately \$410,000. A review of available funding sources illuminated numerous reserve categories. The former town financial officer could not provide a history or rationale for the categories established in the GL. Further review highlighted the former reserve policy was a general template and was well past the date of expected review and update. My conclusion was the reserve structure and policy did not serve the long-term financial sustainability of the town adequately.

To meet the town's financial obligations, it was recommended that the reserves be collapsed into general categories and an improved reserve policy be established. This enabled the town to be able to meet its financial obligation. More importantly it improved the justification/rational/process for reserves.

After being informed about Councillor Coninx concerns, an effort was made to confirm the numbers in the GL to what was recommended.

1. The numbers provided in the original report have proven to be accurate.
2. The financial obligation was paid.
3. The reserves are now well organized and have descriptions with justifications.
4. The recommendation is serving the purpose as intended.

A journal entry must be posted to finalize the entry. The town's former finance officer explained that the auditors typically create and post the journal entries at year end. To further support the town, Bloom has prepared the journal entry which confirms the accuracy of the transaction. (attached)

Supplemental Information:
Council approved the establishment of reserves into 3 categories.

Committed Reserves

Oneway Regional Fire Services - \$17,124
Parks (donation) \$60,000

Operating

General and Specific Use \$206,561

Capital

General and Specific Use \$350,000

The recommended reserve policy sets out:

1. Required operating and capital reserve uses
2. Rules for how reserves can be accessed
3. Reserve descriptions under the three categories above
4. Reserve descriptions
5. Funding options

STRATEGIC ALIGNMENT

Financial Sustainability

COSTS / SOURCE OF FUNDING

N/A

RECOMMENDED ACTION

That Council accept this report as information.

**Town of Onoway
RESERVES
as at December 31, 2022**

		<u>DEBIT</u>	<u>CREDIT</u>
4-12-00-762	RESERVE - ENERGY	39,851.00	
4-23-00-560	FIRE BLDG. REIMBURSEMENT	1,602.00	
4-31-00-761	RESERVE -PUBLIC WORKS EQUIP.& MACHINERY	76,164.75	
4-31-00-762	RESERVE - PUBLIC WORKS OPERATING	7,509.00	
4-31-00-763	RESERVE - PUBLIC WORKS VEHICLE	17,991.00	
4-41-00-760	RESERVE - UTILITY OPERATING	157,647.11	
4-72-00-720	RESERVE - PARKS OPERATING	32,195.00	
4-72-00-760	RESERVE - PARKS FORTIS	28,710.88	
4-72-00-762	RESERVE - PARKS BEAUTIFICATION	4,130.32	
4-74-00-760	RESERVE - CULTURE OPERATING	5,940.00	
4-12-00-710	RESERVE - OPERATING CONTINGENCY	44,783.17	
4-32-00-760	RESERVE - STREETS OPERATING	163,124.96	
4-32-00-790	RESERVE - STREETS CONDITIONAL GRANT	16,000.00	
4-41-01-760	RESERVE - WATER UPGRADES	34,840.00	
4-42-00-760	RESERVE - SEWER OPERATING	215,772.82	
4-66-00-760	RESERVE - LAND	112,358.91	
4-71-00-720	RESERVE - RECREATION	3,542.00	
4-12-00-760	RESERVE - CAPITAL		371,741.06
4-12-00-761	RESERVE - OPERATING		590,421.86
	NO ENTRIES - FOR BALANCING ONLY		
4-23-00-760	RESERVE - ONO'WAY REGIONAL FIRE SERVICES		17,124.00
4-72-00-721	RESERVE - PARKS (DONATION)		60,000.00
	BALANCING		1,039,286.92
	2021 Financial Statement		
	Capital Reserves		448,865
	Operating Reserves		590,427
	Total Reserves		1,039,292