

Report to Council



Date: 6/25/2018
File: 0270-02
To: City Manager
From: Garry Filafilo, Accounting Operations Manager
Subject: 2017 Annual Report - Stronger Together

Recommendation:

THAT Council receives, for information, the 2017 Annual Report, titled Stronger Together, for the year ended December 31, 2017 attached to the Report of the Accounting Operations Manager dated June 25, 2018;

AND THAT Council receives, for information, the 2017 Statement of Financial Information report that includes: Council Remuneration and Expense Report, Schedule of Remuneration and Expenses paid to or on behalf of each employee, Schedule of Payments to Suppliers for the Provision of Goods and Services and Schedule of Payments to Suppliers for Grants and Contributions attached to the Report of the Accounting Operations Manager dated June 25, 2018.

Purpose:

To meet legislated reporting requirements for annual financial statements, showcase City services, programs and projects, and provide contextual information for the data contained in the remuneration reports.

Background:

Annual reporting of financial information is mandatory for all municipalities under the Financial Information Act. The City's annual report is available online at kelowna.ca/publications, with print copies available by request. Each year the City prides itself on producing a report that meets financial requirements, while presenting the information in a way that tells the story behind the numbers.

Public review

The Community Charter requires that the public is informed that the report is available for review two weeks prior to Council's consideration of the annual report. Public were invited (via newspaper advertising, eSubscribe, online marketing and social media) to review the report, provide feedback and ask questions about the report prior to and at the June 25th Council meeting.

The 2017 Annual Report was posted online at kelowna.ca/publications on June 8 and promoted to the public starting on June 11. As of June 19, it has received 138 views. There were more than 8,000 views or interactions with the report and its promotional video on social media (i.e. Facebook, Twitter and Instagram post), this includes more than 5,200 video views. In addition, an e-newsletter was sent to 643 subscribers, inviting them to read the report. Views and interactions will continue to increase as the report and its video are promoted over the coming months.

Inside the report

On April 24, 2018 the Audit Committee reviewed the City of Kelowna's Annual Consolidated Financial Statements for the year ended December 31, 2017; these statements were subsequently approved by Council on April 30, 2018.

In addition to the financial statements, the annual report summarizes the City's accomplishments and demonstrates how we collectively have served our residents, businesses and visitors by being a well-run City. The 2017 report highlights our strengths through floods and wildfires, our resourcing to meet the needs of a growing city, how we took steps to facilitate change to support our most vulnerable residents, took initiative to be healthier and safer together and celebrated arts and culture as a community.

Helping generate awareness and to visually demonstrate at a glance how our community came together in 2017 showing its collective strength, a short promotional video was created and shared on social media, encouraging the public to read more in the annual report.

Tax exemptions

A report on permissive tax exemptions granted by Council is included in the annual report. The amount reported in this section includes the municipal portion of taxes exempted for the year 2017 as required under the Community Charter. A report is also included on Development Cost Charges to indicate the activity for charges received, expenditures made and any waivers or reductions for each DCC group.

Statistical review

Within the annual report, following the Audited Consolidated Financial Statements and Notes to Consolidated Statements, is the Statistical Review, in graphic format for the years 2013 through 2017.

Remuneration

The 2017 Council Remuneration and Expenses report, Employee Remuneration and Expenses report, and the Payment for the Provision of Goods and Services schedule are prepared annually as part of Financial Information Act reporting requirements.

The Remuneration & Expenses report often has anomalies based on unique circumstances, and this year is no exception. The 131-day activation of the Emergency Operation Centre accounts for approximately 1% of the overall increase in remuneration between 2016 and 2017.

A number of City staff, including the City Manager, spent many additional hours in the Emergency Operation Centre, beyond their regular work days with the City of Kelowna. Some noticeable differences in pay between 2016 and 2017 can be attributed to these overtime payments which have been reimbursed to the City from the Province of British Columbia.

Another large difference between years include pay-outs for vacation time that could not be taken due to emergencies or other factors. Management wage increases have been between 1 and 2% over the past five years.

The 2017 Employee Remuneration report shows an increase of 24 staff earning more than \$75,000 over 2016 - management staff increased by three, IAFF staff decreased by three and CUPE staff increased by 24. This increase is a result of a combination of: a reflection of a growing population and incremental wage increases from collective agreements; management and CUPE contract increases (steady at 1-2 per cent over the past several years); IAFF increase of 2.5 per cent and other compensation such as vacation payouts or travel charges.

The City provides hundreds of services that require a wide variety of degrees and specialized qualifications. It competes with the public and private sector to recruit and retain employees who are qualified to fill these positions.

The chart below provides a summary of the changes by employee group:

Remuneration Comparison 2017 – 2016

>\$75,000	2017 Numbers	2016 Numbers	Change in Numbers
Management	118	115	3
IAFF	111	114	(3)
CUPE	151	127	24
TOTAL	380	356	24

The total employee remuneration for 2017 has increased by 4.7 per cent, or approximately \$3.2 million to \$70.8 million. This increase can be attributed as: 1-2% due to wage and salary increases, 1% to operate the Emergency Operations Centre and the balance is due to required staff increases to continue to provide the existing level of service to a growing City.

Legal/Statutory Authority:

Community Charter section 98, Annual Municipal Report - requires that the annual report be prepared by June 30 of each year and that it be available for public inspection at the meeting the Annual Report is to be considered by Council.

Community Charter section 99 - Council must give notice of the meeting at which the Annual Report is to be considered in accordance with section 94, and consider, the annual report along with any submissions and questions from the public.

Financial Information Act Regulations Schedule 1 Section 9(2) - requires that a Municipality have the Statement of Financial Information approved by its Council and by the officer assigned responsibility for financial administration under the Local Government Act.

Internal Circulation:

G. Davidson, Divisional Director Financial Services
J. Dueck, Controller
S. Leatherdale, Divisional Director Human Resources
C. Weaden, Divisional Director Corporate Strategic Services

Considerations not applicable to this report:

Existing Policy:
Financial/Budgetary Considerations:
Personnel Implications:
External Agency/Public Comments:
Communications Comments:
Alternate Recommendation:

Submitted by:

Garry Filafilo, CPA, CA
Accounting Operations Manager

Approved for inclusion:



J. Dueck, Controller, Financial Services

Attachments:

2017 Annual Report: Stronger Together
2017 Statement of Financial Information