

Report to Council



Date: April 30, 2019

File: 0250-20

To: City Manager

From: Chair, Audit Committee

Subject: Financial Statements for the Year Ending December 31, 2018

Report Prepared by: Divisional Director, Financial Services

Recommendation:

THAT Council receives, for information, the Report from the Audit Committee dated April 30, 2019 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2018;

AND THAT Council approves the appropriation of \$9,609,101 of surplus generated from all general fund operations in 2018 to reserves and accumulated surplus as detailed in the Report from the Audit Committee dated April 30, 2019;

AND FURTHER THAT the Consolidated Financial Statements and Auditor's Report be reprinted in and form part of the City of Kelowna's annual report.

Purpose:

To present the Financial Statements to Council for acceptance per the legislative requirement, to provide Council with a recommendation on the appropriation of \$9,609,101 of surplus to general reserves and accumulated surplus and to seek approval to include the Financial Statements in the annual report.

Background:

A detailed review of draft City of Kelowna Financial Statements for the year ending December 31, 2018 was undertaken on April 30, 2019 by the Audit Committee, the City of Kelowna Auditor, Grant Thornton LLP, and Financial Services staff.

City Administration has recommended the appropriation to reserves and accumulated surplus of 2018 surplus generated from all general fund operations, in the amount of \$9,609,101 in addition to those amounts that are normally appropriated through the budget process. The Audit Committee is in agreement with reasons provided for the appropriation. This results in an unappropriated surplus for 2018 of \$834,101 and an accumulated surplus balance of \$4.5 million, noting that \$1.1 million is currently

budgeted for the 2018 flood event. This leaves \$3.4 million to help mitigate future extraordinary events should they occur.

The recommended appropriations to reserves are:

Major Bridge Maintenance	\$ 600,000
Building Repair	675,000
Flood Control	1,500,000
Environmental Contingency	1,050,000
Insurance Deductible	1,000,000
Land Sales	1,350,000
Parks Development	750,000
RCMP	1,100,000
Theatre Improvements	750,000
Accumulated Surplus	<u>834,101</u>
	<u>\$9,609,101</u>

Legal/Statutory Authority:

The Community Charter section 167 "Annual Financial Statements" requires that municipal financial statements for a fiscal year must be presented to Council for its acceptance.

Financial/Budgetary Considerations:

The financial impact is that a total of \$8,775,000 will be transferred from surplus to reserves and \$834,101 will fall to accumulated surplus.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:

Mayor Basran, Chair, Audit Committee

cc: Councillor G. Given – Audit Committee
Councillor L. Stack – Audit Committee
Divisional Director, Financial Services
Controller
Financial Planning Manager
Accounting Operations Manager
Grant Thornton LLP – Auditor - Mr. Tyler Neels, CPA, CA