

Report to Council



Date: June 24, 2019
File: 0270-02
To: City Manager
From: Jackie Dueck, Controller
Subject: 2018 Annual Report

Recommendation:

THAT Council receives, for information, the 2018 Annual Report for the year ended December 31, 2018 attached to the Report of the Controller dated June 24, 2019;

AND THAT Council receives, for information, the 2018 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 Controller dated June 24, 2019.

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/annualreport, 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. Members of the public were invited (via newspaper advertising, eSubscribe newsletter, online marketing and social media) to review the report, provide feedback and ask questions about the report prior to and at the June 24 Council meeting.

The 2018 Annual Report was published publicly on the new dedicated webpage kelowna.ca/annualreport on June 7, 2019. As of June 18, the webpage received 267 unique visitors, and the digital Annual Report document was opened and viewed 135 times (unique views). A promotional video capturing the highlights of 2018 has received 175 views on YouTube, and more notably nearly 4,700 views on social media (Facebook, Twitter and Instagram posts). In addition, an e-newsletter was sent to 741 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 30, 2019 the Audit Committee reviewed the City of Kelowna's Annual Consolidated Financial Statements for the year ended December 31, 2018; these statements were subsequently approved by Council on May 13, 2019.

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 to help Kelowna continue to be a great place to live

The 2018 report is structured to highlight and reflect the Council and Community adopted Imagine Kelowna principles. It discusses what was accomplished in the four principles of Collaboration, Smarter, Connected and Responsible. It shows the steps taken to meet the City's mission of: Leading the development of a safe, vibrant and sustainable city.

The 2018 Citizen's survey results showed that 94% of Citizens rate their quality of life as good or very good. Through the survey it was determined that the community's top concerns are: social issues, transportation and public safety. The annual report describes how Council priorities were moved forward to address these concerns with the adoption of the Journey Home strategy to address homelessness in a realistic and supportive way, launching updates to the Official Community Plan that sets the vision and strategies for 20 years of growth and to the Transportation Master plan which will create good transportation networks that are safe, cost-effective and sustainable. The Healthy Housing Strategy will provide diverse, affordable housing and the 2018 public safety report has provided recommendations to improve safety in Kelowna as has the investment of 25 new safety and first-responder positions.

These initiatives and many more are outlined in the Annual report and reflect how the City has taken steps to make Kelowna a more vibrant, diverse, inclusive and a thriving Community.

Helping generate awareness and to visually demonstrate at a glance how our community came together in 2018 to reimagine its future, 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 2018 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 2014 through 2018.

Remuneration

The 2018 Council Remuneration and Expenses report, Employee Remuneration and Expenses report, the payment for the provision of goods and services schedule are prepared annually as part of the Financial Information Act reporting requirements.

The 2018 Employee Remuneration report shows an increase of 27 staff earning more than \$75,000 over 2017 - management staff increased by eighteen, IAFF staff decreased by one and CUPE staff increased by ten. 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 approximately 2 per cent over the past several years); IAFF increase of 2.5 per cent and other compensation such as Emergency Operations work, 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 2018 – 2017

	2018 Numbers	2017 Numbers	Change in Numbers
>\$75,000			
Management	133	115	18
IAFF	110	111	(1)
CUPE	164	154	10
TOTAL	407	380	27

The total employee remuneration for 2018 has increased by 4.4 per cent, or approximately \$3.1 million to \$73.9 million. This increase can be attributed as: 2% due to wage and salary increases and the balance is due to required staff increases to continue to provide the existing level of service to a growing City.

The City of Kelowna continues to support the business community through supplier payments. In the Annual Report the City talks about being Open for Business which means building a strong economy and creating an environment where business can thrive.

Supplier Payment Comparison 2018 – 2017 (\$000s)

Supplier Payments	2018	2017	Change
Greater than \$25K	\$ 372,358	\$ 311,906	\$ 60,452
Less than \$25K	10,307	9,788	519
Total	\$ 382,665	\$ 321,694	\$ 60,971
 # of Suppliers > \$25K	 542	 491	 51

In 2019 the City provided payment to suppliers in the amount of \$382M and had an increase in the number of suppliers of 51.

The top 10 suppliers (excl. other Tax Authorities)

Supplier's Name	Amount (\$)
Emil Anderson Construction (EAC)	24,298,365
Young Anderson "In Trust"	19,771,808
Pension Corporation	13,173,115
BC Transit	12,069,075
Fortis BC	5,239,297
Landmark Solutions Ltd.	4,232,395
Bouygues Energies and Services Canada Ltd.	3,971,071
Morneau Shepell Ltd.	3,814,669
OK Environmental Waste Systems Ltd.	3,538,484
Sierra Landscaping Ltd.	3,442,816

2018 was a year where steps were taken to create a vibrant, safe and inclusive 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
S. Leatherdale, Divisional Director Human Resources
C. Weaden, Divisional Director Corporate Strategic Services

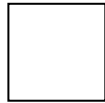
Considerations not applicable to this report:

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

Submitted by:

Jackie Dueck, CPA, CMA
Controller

Approved for inclusion:



G. Davidson, Divisional Director, Financial Services

Attachments:

2018 Annual Report
2018 Statement of Financial Information