

Report to Council



Date: July 27, 2020
To: City Manager
From: Audit Committee
Subject: Financial Statements for the Year Ending December 31, 2019
Department: Financial Services

Recommendation:

THAT Council receives, for information, the Report from the Audit Committee dated July 27, 2020 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2019.

AND THAT Council approves the appropriation of \$8,113,748 of surplus generated from all general fund operations in 2019 to reserves and accumulated surplus as detailed in the Report from the Audit Committee dated July 27, 2020.

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 Consolidated Financial Statements to Council for acceptance per the legislative requirements, to provide Council with a recommendation on the appropriation of \$8,113,748 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 the draft City of Kelowna Financial Statements for the year ending December 31, 2019 was undertaken on July 14, 2020 by the Audit Committee, the City of Kelowna Auditor, Grant Thornton LLP, and Financial Services staff.

Discussion:

City Administration has recommended the appropriation to reserves and accumulated surplus of the 2019 surplus generated from all general fund operations, in the amount of \$8,113,748 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 2019 of \$513,748 and an accumulated surplus balance of \$4.3 million.

The recommended appropriations to reserves are:

Community Safety	\$ 400,000
RCMP	2,500,000
Slope Stability	550,000
Climate Action	350,000
Sidewalk Network	200,000
Land Sales	700,000
Major Systems	400,000
Public/Private/Partnership	2,500,000
Accumulated Surplus	<u>513,748</u>
	\$8,113,748

Conclusion:

Internal Circulation:

Considerations applicable to this report:

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 \$7,600,000 will be transferred from surplus to reserves and \$513,748 will fall to accumulated surplus.

Considerations not applicable to this report:

Legal/Statutory Procedural Requirements:

Existing Policy:

External Agency/Public Comments:

Communications Comments:

Submitted by:

Mayor Basran, Chair, Audit Committee

Approved for inclusion:



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