

Report to Council



Date: August 24, 2020
To: Council
From: City Manager
Subject: 2019 Annual Report
Department: Financial Services

Recommendation:

THAT Council receives, for information, the 2019 Annual Report for the year ended December 31, 2019 attached to the report of the Corporate Finance Manager dated August 24, 2020;

AND THAT Council receives, for information, the 2019 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 of Goods and Services and Schedule of Payments to Suppliers for Grants and Contributions attached to the report of the Corporate Finance Manager dated August 24, 2020.

Purpose:

To meet legislated reporting requirements for annual financial reporting, showcase City services, programs and projects, and provide contextual information for the data contained in the Statement of Financial Information report.

Background:

Annual reporting of the 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.

Discussion:

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 August 24 Council meeting.

The 2019 Annual Report was published on [kelowna.ca/annual report](http://kelowna.ca/annual-report) on August 7, 2020. As of August 18, the webpage received 378 unique visitors, the digital Annual Report document was opened and viewed 178 times (unique views) and social media posts garnered over 26,000 views (Facebook, Twitter and LinkedIn posts). In addition, an e-newsletter was sent to 976 subscribers, inviting them to read the report.

Annual Report

On July 14, 2020 the Audit Committee reviewed the City of Kelowna's annual Consolidated Financial Statements for the year ended December 31, 2019; these statements were subsequently approved by Council on July 27, 2020.

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, invest and do business.

The 2019 Annual Report is structured to highlight and reflect on Council Priorities 2019 – 2022 which in turn, advances the Imagine Kelowna vision, focusing the work we do to become the Kelowna that residents told us they want to see. The annual report discusses what was accomplished in each of the six Council focus areas: Community safety, Social & inclusive, Transportation & mobility, Vibrant neighbourhoods, Economic resiliency, and Environmental protection as well as the three Corporate focus areas: Financial management, Clear direction and People.

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 2019 as required under the *Community Charter*. A report is also included on Development Cost Charges (DCC) 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 the Consolidated Financial Statements, is the Statistical Review, in graphic format, for the years 2015 – 2019.

Statement of Financial Information

The 2019 Council Remuneration and Expenses report, Employee Remuneration and Expenses report, and Schedules of Payments for the provision of goods & services and grants & contributions are prepared annually as part of the *Financial Information Act* reporting requirements.

The 2019 Employee Remuneration report shows an increase of 41 staff earning more than \$75,000 over 2018 – management staff decreased by 6, IAFF staff increased by 13 and CUPE staff increased by 34. The overall increase is a result of a combination of a reflection of a growing population, incremental wage increases from collective agreements, and staff hired in the latter part of 2018 reporting a full salary in 2019.

The City provides hundreds of services that require a wide variety of degrees and specialized qualifications. The City must also compete with the public and private sectors 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 2019 - 2018			
>\$75,000	2019 Numbers	2018 Numbers	Change in Numbers
Management	127	133	(6)
IAFF	124	111	13
CUPE	198	164	34
TOTAL	449	407	41

The total employee remuneration for 2019 increased by 5.4 per cent, or approximately \$4.0 million to \$77.9 million. This increase can be attributed to an average of 2 per cent in wage and salary increases with the remainder the result of increased staffing to ensure continued service levels to a growing city.

The City of Kelowna continues to support the business community through supplier payments. In 2019, the City saw an increase of \$74.1 million largely due to: property acquisitions, the lump-sum payment for community use at RG Arenas and increased capital spending (integrated water project and various airport projects).

Supplier Payment Comparison 2019 – 2018 (\$000s)			
Supplier Payments	2019	2018	Change
>\$25k	\$391,799	\$321,387	\$70,412
Less than \$25k	11,748	8,080	3,668
TOTAL	\$403,547	\$329,467	\$74,080
# of suppliers >\$25k	590	542	48

In 2019 the City provided payments to suppliers in the amount \$403 million and the number of suppliers increased by 48.

Top 10 Suppliers (excl. Other Tax Authorities)	
Supplier's Name	Amount (\$)
Emil Anderson Construction Inc	58,779,465
Young Anderson "In Trust"	19,452,520
Pension Corporation	13,657,872
BC Transit	13,441,846
Bouygues Energies & Services Canada Ltd	5,208,127
CGL Contracting Ltd	5,202,637
Fortis BC	4,398,812
Morneau Shepell Ltd	4,369,413
BC General Contracting Inc	4,211,035
OK Environmental Waste Systems Ltd	3,448,971

Conclusion:

The 2019 annual report reflects that the City is in a solid financial position that will allow the organization to tackle challenges and changes, in part due to the COVID-19 pandemic, that will be faced in the coming year and years. The launch of Council Priorities 2019 – 2022 will provide the focus necessary to continue to deliver on the Community’s Imagine Kelowna vision, further supported by annual progress reports, the first issued in the Spring of 2020.

Internal Circulation:

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

Considerations applicable to this report:

Legal/Statutory Authority:

Community Charter section 98, Annual Municipal Report – requires that the annual report be prepared by June 30 of each year (extended to August 31 due to the pandemic) and that it be available for public inspection at the meeting when the Annual Report is to be considered by Council.

Community Charter section 99, Annual Meeting on Report – 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 Regulation, 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*.

Considerations not applicable to this report:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by: S Little, Corporate Finance Manager

Approved for inclusion:



G. Davidson, Divisional Director Financial Services

cc: