

Report to Council



Date: May 10, 2021

To: Council

From: Audit Committee

Subject: Financial Statements for the Year Ending December 31, 2020

Department: Report Prepared by: Divisional Director, Financial Services

Recommendation:

THAT Council receives, for information, the Report from the Audit Committee dated May 10, 2021 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2020;

AND THAT Council approves the appropriation of \$8,955,028 of surplus generated from all general fund operations in 2020 to reserves and accumulated surplus as detailed in the Report from the Audit Committee dated May 10, 2021;

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 \$8,955,028 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, 2020 was undertaken on April 29, 2021 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 2020 surplus generated from all general fund operations, in the amount of \$8,955,028 in addition to those amounts that are normally appropriated through the budget process. The Audit Committee is in

agreement with the reasons provided for the appropriation. This results in an unappropriated surplus for 2020 of \$455,028 and an accumulated surplus balance of \$4.8 million.

The recommended appropriations to reserves are:

Community Safety	\$ 500,000
Slope Stability	750,000
Climate Action	500,000
Major Recreation	2,000,000
Building Repair	950,000
Major Systems	500,000
Future Capital Projects	3,300,000
Accumulated Surplus	<u>455,028</u>
	<u>\$8,995,028</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 \$8,500,000 will be transferred from surplus to reserves and \$455,028 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

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