

Report to Council



Date: June 28, 2021
To: Council
From: City Manager
Subject: 2020 Annual Report and Statement of Financial Information
Department: Financial Services

Recommendation:

THAT Council receives, for information, the 2020 Annual Report for the year ended December 31, 2020.

AND THAT Council receives, for information, the 2020 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.

Purpose:

To meet legislated reporting requirement 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 June 28 Council meeting.

The 2020 Annual Report was published on [kelowna.ca/annual report](https://kelowna.ca/annual-report) on June 11, 2021. As of June 22, the webpage received 164 unique visitors, the digital Annual Report document was opened and viewed 206 times (unique views) and social media posts garnered over 23,000 views (Facebook, Twitter LinkedIn and Instagram posts). In addition, an e-newsletter was sent to 821 subscribers, inviting them to read the report.

Annual Report

On April 29, 2021 the Audit Committee reviewed the City of Kelowna's annual Consolidated Financial Statements for the year ended December 31, 2020; these statements were subsequently approved by Council on May 10, 2021.

The 2020 annual report summarizes the City's financial and non-financial accomplishments for a year that no one saw coming, navigating the ups and downs of a pandemic. With Imagine Kelowna and the 2019 – 2022 Council Priorities as the guide, agility, resilience and strong financial management enabled the City to overcome challenges and serve its residents, businesses and visitors preserving Kelowna as a great place to live, work, play and invest.

The 2020 Citizen Survey reflects high satisfaction with overall quality of life and level and quality of City services, also indicating that the City fosters a community that is inclusive and accepting of all through its services and programs. The majority of citizens (87 per cent) say they feel safe in their community and feel they receive good value for their tax dollars (79 per cent). The survey also looked at the impact of COVID-19 on the community. At the time of survey (September 2020), 48 per cent of respondents noted an increased use of neighbourhood parks, 32 per cent indicated that meeting financial obligations was becoming a challenge and 18 per cent would prefer mandatory or increased mask use to help reduce the spread of COVID-19. Social issues continued to dominate the issue agenda and are citizens' number one priority for investment (79 per cent), with diverse housing options and drinking water coming in as the next top priorities (67 and 65 per cent respectively).

The 2020 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 2020 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 2016 – 2020.

Statement of Financial Information

The 2020 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 2020 Employee Remuneration report shows an increase of 33 staff earning more than \$75,000 over 2019 – management staff increased by 20, there was no change in IAFF staff and CUPE staff increased by 13.

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 2019 reporting a full salary in 2020.

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 2020 - 2019 | | | |
|--------------------------------------------|-------------------------|-------------------------|------------------------------|
| >\$75,000 | 2020 Numbers | 2019 Numbers | Change in Numbers |
| Management | 147 | 127 | 20 |
| IAFF | 124 | 124 | 0 |
| CUPE | 211 | 198 | 13 |
| TOTAL | 482 | 449 | 33 |

The total employee remuneration for 2020 increased by 2.1 per cent, or approximately \$1.7 million to \$79.6 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 2020, the City saw a decrease of \$85.4 million largely due to: the deferral of capital projects and overall spending reductions in response to the pandemic, reductions for one-time payments made in 2019, and reduced transfers to other tax authorities.

| Supplier Payment Comparison 2020 – 2019 (\$000s) | | | |
|---------------------------------------------------------|------------------|------------------|-------------------|
| Supplier Payments | 2020 | 2019 | Change |
| >\$25k | \$307,491 | \$391,799 | (\$84,308) |
| Less than \$25k | 10,674 | 11,748 | (1,074) |
| TOTAL | \$318,165 | \$403,547 | (\$85,382) |
| # of suppliers >\$25k | 561 | 590 | (29) |

In 2020 the City provided payments to suppliers in the amount \$318 million and the number of suppliers decreased by 29.

| Top 10 Suppliers (excl. Other Tax Authorities) | |
|-------------------------------------------------------|--------------------|
| Supplier's Name | Amount (\$) |
| Emil Anderson Construction Inc | 24,379,865 |
| Young Anderson "In Trust" | 16,914,226 |
| Pension Corporation | 14,444,525 |
| BC Transit | 9,282,507 |
| Acres Enterprises Ltd | 6,237,923 |
| Fortis BC | 5,797,291 |
| CGL Contracting Ltd | 4,899,574 |
| Morneau Shepell Ltd | 4,472,161 |
| Environmental 360 Solutions Ltd | 3,750,708 |
| Bouygues Energies & Services Canada Ltd | 3,425,197 |

Conclusion:

The 2020 annual report reflects on the City's and community's resiliency, compassion and resolve. Strong financial management saw the City through a uniquely challenging year and successful recovery will require staying true to our financial principles and strategies moving forward. Annual progress reporting on Council Priorities will provide the focus necessary to continue to deliver on the Community's Imagine Kelowna vision.

Internal Circulation:

G. Davidson, Divisional Director Financial Services
S. Leatherdale, Divisional Director Corporate & Protective Services
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 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