

Report to Council



Date: May 9, 2022
File: 0250-20
To: City Manager
From: Chair, Audit Committee
Subject: Financial Statements for the Year Ending December 31, 2021
Report Prepared by: Divisional Director, Financial Services

Recommendation:

THAT Council receives, for information, the Report from the Audit Committee dated May 9, 2022 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2021;

AND THAT Council approves the appropriation of \$8,786,918 of surplus generated from all general fund operations in 2021 to reserves and accumulated surplus as detailed in the Report from the Audit Committee dated May 9, 2022;

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 \$8,786,918 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, 2021 was undertaken on April 28, 2022 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 2021 surplus generated from all general fund operations, in the amount of \$8,786,918 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 2021 of \$86,918 and an accumulated surplus balance of \$4.9 million.

The recommended appropriations to reserves are:

Community Safety	\$ 1,000,000
Climate Strategy	1,000,000
Major Recreation	3,300,000
Building Repair	600,000
Major Software Systems	500,000
Future Capital Projects	500,000
Land – Housing	1,000,000
Economic Impact Mitigation	800,000
Accumulated Surplus	<u>86,918</u>
	<u>\$8,786,918</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 \$8,700,000 will be transferred from surplus to reserves and \$86,918 will fall to accumulated surplus.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

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