

Report to Council



Date: June 19, 2023
To: Council
From: City Manager
Subject: 2022 Annual Report and Statement of Financial Information
Department: Financial Services

Recommendation:

THAT Council receives, for information, the 2022 Annual Report for the year ended December 31, 2022;

AND THAT Council receives, for information, the 2022 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 report, 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. Between Friday, June 2 and Monday, June 19, the Annual Report was shared with the community via kelowna.ca (homepage highlights and community stories), newspaper advertising, social media (Twitter, Facebook, Instagram, LinkedIn, YouTube), and City email newsletters (Annual Report and City Views). As part of the communications campaign to drive community awareness of the report, members of the public were invited to submit feedback and ask questions in writing or in person at the June 19 Council meeting.

The 2022 Annual Report was published on kelowna.ca/annualreport on June 2, 2023. As of June 12, social media advertising and organic posts garnered over 88,741 impressions (reaching over 37,762 users). The short-form videos used to promote the Annual Report have been viewed on YouTube, both organically and through promotion, a combined total of over 26,973 times. The Annual Report and City Views e-newsletters were sent to 6,482 subscribers. A feature story was shared via LinkedIn and the City's Communities Stories page.

Annual Report

On April 25, 2023, the Audit Committee reviewed the City of Kelowna's annual Consolidated Financial Statements for the year ended December 31, 2022; these statements were subsequently approved by Council on May 8, 2023.

The 2022 annual report summarizes the City's financial and non-financial accomplishments through a period of dynamic change as we recover from the pandemic and are impacted from global economic challenges. Amid this rapidly changing environment the City of Kelowna showcased its ability to adapt and thrive, while continuing to demonstrate resiliency, agility, and prosperity. For instance, the City's Intelligent City Strategy, focused on automation this year, leveraging innovative technologies such as AI and predictive modelling. These initiatives increased service without increasing costs, enhanced assistance on a wide range of projects, and are anticipated to improve the outcomes on several high priority issues facing our community.

The 2040 Official Community Plan, the 2040 Transportation Master plan, and Kelowna's first Community Safety plan were endorsed by Council in 2022. These, along with our community led Imagine Kelowna vision and extensive public engagement, work in tandem to provide clear direction to help deliver on our goals of a more sustainable, equitable future.

The 2022 Annual Report is structured to highlight and reflect on the important groundwork that has been laid over the past year, as well as the opportunities ahead to advance the Imagine Kelowna vision and move forward with a focused, community centred approach. Highlighted sections in the report include updates and achievements in key community and corporate focus areas including community safety, social wellness, transportation, vibrant neighbourhoods, economic resiliency, environmental protection, 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 2022 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 2018– 2022.

Statement of Financial Information

The 2022 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 2022 Employee Remuneration report shows an increase of 45 staff earning more than \$75,000 over 2021 – management staff increased by 9, IAFF staff increased by 4, and CUPE staff increased by 32. These increases are largely the result of a combination of incremental wage increases from collective agreements, and increased staffing to support recovery.

The City provides hundreds of services that require a wide variety of education 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. Kelowna, as one of the fastest growing cities over the past five years, needs to ensure staffing levels keep up with the demand for services.

The chart below provides a summary of the changes by employee group:

Remuneration Comparison 2022 - 2021			
>\$75,000	2022 Numbers	2021 Numbers	Change in Numbers
Management	165	156	9
IAFF	138	134	4
CUPE	267	235	32
TOTAL	570	525	45

The total employee remuneration for 2022 increased by 8.6 per cent, or approximately \$7.3 million to \$92.4 million. This increase can mainly be attributed to contract and staffing rate increases along with retroactive payments during the year. Staffing level increases, to support recovery across the organizational, also contributed to this increase.

The City of Kelowna continues to support the business community through supplier payments. In 2022, the City saw an increase of \$28 million largely due to a combination of an increase in operations and capital project activity as we come out of the pandemic along with the inflationary impacts attributed to global economic challenges.

Supplier Payment Comparison 2022 – 2021 (\$000s)			
Supplier Payments	2022	2021	Change
>\$25k	\$384,117	\$354,320	\$29,797
Less than \$25k	6,843	8,666	(1,823)
TOTAL	\$390,960	\$362,986	\$27,974
# of suppliers >\$25k	511	490	21

In 2022, the City provided payments to suppliers amounting to \$391 million with the number of suppliers increasing by 21.

Top 10 Suppliers (excl. Other Tax Authorities)	
Supplier's Name	Amount (\$)
Young Anderson "In Trust"	23,169,543
Pension Corporation	15,403,067
BC Transit	10,654,053
Emil Anderson Construction (EAC) Inc.	8,278,222

Fortis BC	6,862,082
CGL Contracting Ltd	6,793,532
PCL Constructors Westcoast Inc.	5,092,525
Lifeworks Inc.	4,988,743
Bouygues Energies & Services Canada Ltd	4,150,517
Environmental 360 Solutions Ltd	3,928,020

Conclusion:

The 2022 annual report reflects on how the City is adapting and thriving amid rapid change. The City's financial position continued to grow in 2022 despite the changing economic environment. Monitoring annual progress reporting on Council Priorities along with deliberate and persisted attention to our financial principles and strategies are essential as we continue to face new economic and environmental challenges.

Internal Circulation:

- J. Sass, Divisional Director Financial Services
- S. Leatherdale, Divisional Director Corporate & Protective Services
- T. Wilson, Media Relations Manager
- C. Judson, Communications Consultant
- 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: M. Friesen, Controller, Financial Services

Approved for inclusion:



J. Sass, Divisional Director Financial Services