

# Report to Council



**Date:** June 24, 2024  
**To:** Council  
**From:** City Manager  
**Subject:** 2023 Annual Report and Statement of Financial Information  
**Department:** Financial Services

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## **Recommendation:**

THAT Council receives, for information, the 2023 Annual Report for the year ended December 31, 2023;  
AND THAT Council receives, for information, the 2023 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](http://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 7 and Monday, June 24, the Annual Report was shared with the community via [kelowna.ca](http://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 24 Council meeting.

The 2023 Annual Report was published on [kelowna.ca/annualreport](https://kelowna.ca/annualreport) on June 7, 2023 and was promoted through short-form videos on YouTube, City Views e-newsletter, and also shared via LinkedIn and the City's Communities Stories Page.

### Annual Report

On April 30, 2024, the Audit Committee reviewed the City of Kelowna's annual Consolidated Financial Statements for the year ended December 31, 2023; these statements were subsequently approved by Council on May 13, 2024.

The 2023 annual report summarizes the City's financial and non-financial accomplishments through a period of dynamic change as we continue to use innovative ways to leverage technologies and collaborate in problem solving; delivering the services and infrastructure required for a rapidly growing community. Amid this rapidly changing environment the City of Kelowna showcased its ability to adapt and thrive, while continuing to demonstrate resiliency, agility, and prosperity.

The 2040 Official Community Plan, 10 Year Capital plan, 20 year servicing plan, 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 2023 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 crime and safety, affordable housing, homelessness, transportation, agriculture, climate and environment, digital transformation, active financial management, and our 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 2023 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 2019 – 2023.

### Statement of Financial Information

The 2023 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 2023 Employee Remuneration report shows an increase of 80 staff earning more than \$75,000 over 2022 – management staff increased by 18, IAFF staff increased by 2, and CUPE staff increased by 60. These increases are largely the result of a combination of incremental wage increases from collective agreements, and higher staffing levels to support the increased operating activity and capital delivery to meet the demands of a growing community.

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:

<b>Remuneration Comparison 2023 - 2022</b>			
<b>&gt;\$75,000</b>	<b>2023 Numbers</b>	<b>2022 Numbers</b>	<b>Change</b>
Management	183	165	18
IAFF	140	138	2
CUPE	327	267	60
<b>TOTAL</b>	<b>650</b>	<b>570</b>	<b>80</b>

The total employee remuneration for 2023 increased by 8.9 per cent, or approximately \$8.3 million to \$100.7 million. This increase can mainly be attributed to contract and staffing rate increases along with retroactive payments during the year. The growth in staffing level, which supports the current and improved services for an expanding City, also added to this increase.

The City of Kelowna continues to support the business community through supplier payments. In 2023, the City provided payments to suppliers amounting to \$463 million which increased \$72 million from the prior year. The number of suppliers also increased by 68. These increases are largely due to a combination of an increase in operations and capital project activity along with other economic challenges such as inflationary.

<b>Supplier Payment Comparison 2023 – 2022 (\$000s)</b>			
<b>Supplier Payments</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>
>\$25k	\$453,548	\$384,117	\$69,431
Less than \$25k	9,835	6,843	2,992
<b>TOTAL</b>	<b>\$463,383</b>	<b>\$390,960</b>	<b>\$72,423</b>
# of suppliers >\$25k	579	511	68

The following table outlines the top 10 suppliers for total amounts paid in 2023.

<b>Top 10 Suppliers (excl. Other Tax Authorities)</b>	
<b>Supplier's Name</b>	<b>Amount (\$)</b>
YOUNG ANDERSON "IN TRUST"	32,470,917
PENSION CORPORATION	16,378,675
BC TRANSIT	12,322,512
CGL CONTRACTING LTD	9,058,931
EMIL ANDERSON CONSTRUCTION (EAC) INC	8,530,490
R&L CONSTRUCTION LTD.	6,680,995
ACRES ENTERPRISES LTD.	6,563,726
FORTIS BC	6,429,335
PONDS VENTURES INC.	5,963,048
PCL CONSTRUCTORS WESTCOAST INC	5,871,798

**Conclusion:**

The 2023 annual report reflects on how the City is adapting and thriving amid rapid change. The City's financial position continued to grow in 2023 despite the changing economic environment and associated challenges. 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 these challenges in delivering the sustainable services required, now and for the future, for our rapidly growing community.

**Internal Circulation:**

- J. Sass, Divisional Director Financial Services
- S. Leatherdale, Divisional Director Corporate & Protective Services
- T. Wilson, Media Relations Manager
- C. Judson, Communications Consultant
- L. Corcoran, Acting 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:***

***Consultation and Engagement:***

***Communications Comments:***

Submitted by: M. Friesen, Controller, Financial Services

**Approved for inclusion:** J. Sass, Divisional Director Financial Services