

Report to Council



Date: June 27, 2022
To: Council
From: City Manager
Subject: 2021 Annual Report and Statement of Financial Information
Department: Financial Services

Recommendation:

THAT Council receives, for information, the 2021 Annual Report for the year ended December 31, 2021.

AND THAT Council receives, for information, the 2021 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 27 Council meeting.

The 2021 Annual Report was published on kelowna.ca/annualreport on June 10, 2022. As of June 20, the digital Annual Report document was viewed 20,229 times and Facebook social media posts garnered over 31,368 views (reaching 15,155 users). The Annual Report and City Views e-newsletters, featuring stories on the Annual Report, were sent to 4,387 subscribers. In addition, the Council Priority videos promoting the Annual Report were viewed 10,283 times. A news story and the City Manager and Mayor messages were shared on LinkedIn and InSites, and a general story was shared on the Community Stories web page on kelowna.ca.

Annual Report

On April 28, 2022 the Audit Committee reviewed the City of Kelowna's annual Consolidated Financial Statements for the year ended December 31, 2021; these statements were subsequently approved by Council on May 9, 2022.

The 2021 annual report summarizes the City's financial and non-financial accomplishments through a period of continued pandemic restrictions. Even though restrictions continued, a recovery trend emerged in our community and at the City of Kelowna, demonstrating resiliency, agility and prosperity.

For the first time, building permit values exceeded \$1 billion and the Kelowna International Airport (YLW) continued to be one of the ten busiest airports in the country and one of the fastest recovering airports in Canada. 2021 included milestone achievements with the completion of the 2040 Official Community Plan, the 2040 Transportation Master Plan and the development of Kelowna's first Community Safety Plan. The City was awarded \$20 million in federal and provincial grant funding through 16 grant applications supporting eligible infrastructure projects, the City's Outdoor Sheltering Strategy, extension of the Houghton Road Active Transportation Corridor from Rutland to the Okanagan Rail Trail, and the Kelowna septic system elimination and sewer connection project.

The 2021 Annual Report is structured to highlight and reflect on Council Priorities 2019 – 2022 which in turn advances the Imagine Kelowna vision and guides our actions to become a City of the Future. 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 2021 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 2017 – 2021.

Statement of Financial Information

The 2021 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 2021 Employee Remuneration report shows an increase of 43 staff earning more than \$75,000 over 2020 – management staff increased by 9, IAFF staff increased by 10, and CUPE staff increased by 24. These increases are largely the result of a combination of incremental wage increases from collective agreements, staff hired in the latter part of 2020 reporting a full salary in 2021, staff deployments to the Emergency Operations Centre (EOC) from April to November supporting major events and a reflection of a growing population.

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 2021 - 2020			
>\$75,000	2021 Numbers	2020 Numbers	Change in Numbers
Management	156	147	9
IAFF	134	124	10
CUPE	235	211	24
TOTAL	525	482	43

The total employee remuneration for 2021 increased by 6.3 per cent, or approximately \$5.1 million to \$85.1 million. This increase can be attributed to the return of full-time, part-time, casual and student staff not on the payroll or with reduced hours in 2020 due to actions taken to address pandemic conditions; 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 2021, the City saw an increase of \$44.8 million largely due to: pandemic recovery and a normalization of expenses, deferral of 2020 payments to 2021 in response to pandemic conditions and a reduction in grant expenses.

Supplier Payment Comparison 2021 – 2020 (\$000s)			
Supplier Payments	2021	2020	Change
>\$25k	\$354,320	\$307,491	\$46,829
Less than \$25k	8,666	10,674	(2,008)
TOTAL	\$362,986	\$318,165	\$44,821
# of suppliers >\$25k	490	561	(71)

In 2021 the City provided payments to suppliers amounting to \$363 million with the number of suppliers decreasing by 71.

Top 10 Suppliers (excl. Other Tax Authorities)	
Supplier's Name	Amount (\$)
Pension Corporation	15,102,961
Emil Anderson Construction	11,050,401
Young Anderson "In Trust"	6,627,651
Fortis BC	6,154,617
BC Transit	5,278,059
Lifeworks Inc.	4,405,358
CGL Contracting Ltd	4,217,477
Environmental 360 Solutions Ltd	3,773,741
Bouygues Energies & Services Canada Ltd	3,419,639
Commissionaires BC	2,982,724

Conclusion:

The 2021 annual report reflects on the shift from resilience to momentum, despite a global economic downturn. The City's financial position continued to grow in 2021 despite the changing economic environment. Monitoring annual progress reporting on Council Priorities and deliberate and continued attention to our financial principles and strategies will be required as we face new economic and environmental challenges.

Internal Circulation:

G. Davidson, 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: S Little, Corporate Finance Manager

Approved for inclusion:



G. Davidson, Divisional Director Financial Services