



COUNCIL REPORT

To: Paul Gipps, CAO

Date: June 28, 2022

From: Lisa Siavashi, Financial Services Manager
Andrea Mandau, Senior Accountant

Subject: **2021 DRAFT Statement of Financial Information (SOFI)**

RECOMMENDATION

THAT Council approve the 2021 DRAFT Statement of Financial Information report for the City of West Kelowna.

LEGISLATIVE REQUIREMENTS

The Statements of Financial Information (SOFI) report is a regulatory requirement for all British Columbian municipalities. It is submitted by June 30 each year to the Ministry of Municipal Affairs and Housing. The *Financial Information Act* (S.2) requires that the Statement of Financial Information be approved by Council.

The City of West Kelowna, along with other BC municipalities, continue to advocate with the Union of British Columbia Municipalities (UBCM) to have the SOFI reporting criteria reflect present-day values. For decades, BC municipalities have been reporting remuneration and expenses for those who met the threshold of \$75,000. As the cost of living has risen considerably over the decades in which the SOFI \$75,000 criteria was established, and now many employees across BC are well above the threshold, a review of the threshold has been recommended.

BACKGROUND

The Statements of Financial Information (SOFI) report ensures municipal compliance with provincial reporting requirements. The purpose of the SOFI is to expand on the financial statements providing disbursements schedules for employee and Council remuneration as well as goods and services acquired by the City. It is a regulatory requirement for all British Columbian municipalities that the SOFI report be submitted by June 30 each year and is available for public examination for three years once released. The schedules regarding remuneration include all amounts paid to the Mayor and Council, and amounts paid to municipal employees who have remuneration over the threshold amount of \$75,000.

It is important to note that the SOFI report includes both remuneration **and** expenses for Council and staff, not just salary.

The report for amounts paid to suppliers of goods and/or services details which vendors were paid a total exceeding \$25,000 including GST and any other taxes during the year, as well as any grants awarded by the municipality to not-for-profit organizations for the reporting year over \$25,000.

The schedules are prepared for the provincial government and are prepared according to the FIA (*Financial Information Act*) regulations. It should be noted that SOFI schedules are based on when payments were made rather than the accrual basis normally used for financial statement presentation.

A few key points regarding the attached statements and schedules:

Schedule A - Schedule of Council Remuneration and Expenses

This schedule lists all Council remuneration and expenses. Expenses for 2021 remain low due to restrictions caused by the COVID-19 pandemic.

Schedule B - Schedule of Employee Remuneration and Expenses

Employee Remuneration

An employee and their equivalent FTE are reported on the SOFI if their earnings are \$75,000 or greater. In any particular year, the list of employees fluctuates based on many variables such as salary and reclassification changes, overtime, emergency operations, retro and onetime payments, and the timing of when positions are vacated and filled within the year. In 2021, the total remuneration shown on the schedule includes \$421,510 of overtime paid specifically for the Emergency Operation Centre (EOC) due to the multitude of fires and flooding events that occurred. In addition, there were a number of staff who were paid out earned vacation time that could not be taken during the lengthy EOC season.

The remuneration amounts disclosed in the SOFI report incorporate several inclusions as required in *Financial Information Act*. Remuneration is defined as “any form of salary, wages, bonuses, gratuities, taxable benefits, payment into trust or any form of income deferral paid by the City to the employee or on behalf of the employee during the fiscal year being reported upon but does not include anything payable under a severance agreement.”

Employee Expenses

The figures under expenses include employee costs such as travel expenses, memberships, tuition, relocation, vehicle leases, extraordinary hiring expenses, registration fees and similar amounts paid directly to an employee, or to a third party on

behalf of the employee, and which has not been included in "remuneration". The FIA specifically states that expenses "... are not limited to expenses that are generally perceived as perquisites or bestowing personal benefit and may include expenditures required for employees to perform their job functions"; but excludes benefits of a general nature applicable to all employees pursuant to an agreement such as medical, dental, counseling, insurance and similar plans.

Schedule C - Schedule of Payments to Suppliers of Goods and Services

For goods and services purchased by the City, the SOFI report includes a summary of payments made to outside organizations that exceed \$25,000 for the reporting year and is reported on a cash basis. In the case of the City of West Kelowna, this may include payments to such organizations as BC Hydro, the Receiver General of Canada and various other companies for goods and services and contracted services. If applicable, the report also summarizes payments made as cash grants to not-for-profit organizations (grant-in-aid) in excess of \$25,000.

Recoveries

It is important to note that the report does not include any recoveries. For example, if an employee or contracted service provider were paid any amount, and any portion of that amount was then recovered by the City by way of a contribution from another municipality/government, etc., the recovered amount is not reflected in the report and does not reduce the amount reported as remuneration. Eligible overtime and expenses for EOC events are recovered from the Province but these recovered amounts are not detailed in these reports.

SUMMARY

The schedule below summarizes the changes by employee group for the Schedule of Employee Remuneration and Expenses earning over \$75,000 annually.

Schedule for Compensation >\$75,000

	Number of Employees			Remuneration and Expenses		
	2021	2020	>\$75K Change	2021	2020	Change
Management	35	37	- 2	\$4,690,693	\$4,540,411	\$150,282
IAFF	44	43	1	5,457,916	4,913,447	\$544,469
ALGEU	51	38	13	4,395,013	3,248,053	\$1,146,960
Total	130	118	12	\$14,543,623	\$12,701,911	\$1,841,712

The schedule shows an increase of thirteen ALGEU employees which represents staff that have met the \$75,000 threshold in 2021, they are not new FTE positions. The increase in total remuneration also includes overtime due to the numerous EOC events that occurred in 2021.

Total remuneration and expenses reported for these City staff in 2021 is \$14,543,623, which is a \$1,841,712 or a 14.5% increase from 2020. Total remuneration and expenses for all City Staff for 2021 increased 10.85% from 2020.

As the cost of living continues to increase, the threshold of \$75,000 for this report has not changed since September 2002. Therefore, the number of employees on this report continues to grow.

CONCLUSION

The Statement of Financial Information report is based on information that is all contained within the audited Annual Financial Statements but provides more in-depth details for payments made from the municipality. This is another method to provide transparency to the public and for comparative and analytical measures. The report also provides information that the Province then uses for statistics.

REVIEWED BY

Warren Everton, Director of Finance/CFO

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

PowerPoint: Yes No

Attachments:

2021 DRAFT Statements of Financial Information