



COUNCIL REPORT

To: Mayor and Council

Date: June 25, 2024

From: Ron Mattiussi, Interim CAO

Subject: **2023 SOFI Report**

Report Prepared by: Lisa Siavashi, Financial Services Manager/Deputy CFO
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RECOMMENDATION to Consider and Resolve:

THAT Council approve the 2023 DRAFT Statement of Financial Information report for the City of West Kelowna.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

Pursue Economic Growth and Prosperity – We will work with stakeholders throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.

Strengthen Our Community – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

Foster Safety and Well-Being – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in 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 through the Union of British Columbia Municipalities (UBCM) to have the SOFI reporting criteria reflect present-day comparative values. Since 2002, BC municipalities have been reporting remuneration and expenses for employees who meet or exceed the salary threshold of \$75,000. As the cost labour has substantially increased since the SOFI criteria was last changed, a significant number of employees across BC have now surpassed the threshold.

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 at or over the threshold amount of \$75,000. It is important to emphasize that the SOFI report includes both remuneration and expenses for Council and staff, not only salaries.

Schedule C details amounts paid to suppliers of goods and/or services that exceeded \$25,000 including GST and any other taxes during the year. Additionally grants awarded by the municipality to not-for-profit organizations for the reporting year over \$25,000 would also be listed.

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 follow regarding the attached statements and schedules:

Schedule A - Schedule of Council Remuneration and Expenses

This schedule lists all Council remuneration and expenses. In 2022 a review of remuneration for Mayor and Council was done with an amended bylaw setting remuneration as of January 1, 2023, with annual CPI increases going forward. Expenses for 2023 were consistent with 2022 after taking into consideration inflationary increases.

Schedule B - Schedule of Employee Remuneration and Expenses

Employee Remuneration

Employees earning \$75,000 or greater in 2023 have been reported on the SOFI as required. In any particular year, the list of employees fluctuates based on variables such as contract salary adjustments, job reclassifications, overtime earned, emergency operations earnings, retroactive and onetime payments, and timing of when positions are vacated and filled within the year.

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 but does not include payments made under a severance agreement.”

Employee Expenses

Expenses include employee costs such as travel, professional memberships, tuition, new-hire relocation costs, 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 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 exceeded \$25,000 for the reporting year on a cash basis. In the case of the City of West Kelowna, this may include payments to senior governments, crown corporations and various companies for goods and services. If applicable in any given year, the report would also summarize payments made as cash grants to not-for-profit organizations (grant-in-aid) in excess of \$25,000. This threshold hasn't been met for 2023.

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 an amount, and a portion of that amount was then recovered by the City through a contribution from another municipality, government or organization, the recovered amount would not be reflected in the report and would not reduce the amount reported as remuneration.

SUMMARY

The chart below summarizes Schedule B Employee Remuneration and Expenses by employee group for earnings over \$75,000 annually.

| | Number of Employees | | | Remuneration and Expenses | | |
|-------------------|---------------------|------------|---------------|---------------------------|---------------------|-------------------|
| | 2023 | 2022 | >\$75K Change | 2023 | 2022 | Change |
| Management | 36 | 35 | 1 | \$5,175,299 | \$4,687,041 | \$488,258 |
| IAFF | 45 | 44 | 1 | 6,168,967 | 6,307,973 | -\$139,006 |
| ALGEU | 67 | 61 | 6 | 5,993,639 | 5,367,286 | \$626,353 |
| Total | 148 | 140 | 8 | \$17,337,905 | \$16,362,300 | \$975,605 |

The schedule shows that there was a net increase of eight employees that meet or exceed the \$75,000 threshold in 2023. Only one of these was a new FTE (full time equivalent) position.

Total remuneration and expenses for City staff earning more than \$75,000 in 2023 is \$17,337,905 which is a \$975,605 or a 5.96% increase from 2022. Total remuneration and expenses for all City Staff for 2023 increased 9.58% from 2022. Comparatively, 2022 saw a 12.5% increase over 2021 in remuneration and expenses for City staff earning over \$75,000, and 8.44% in total remuneration and expenses for all City Staff. As inflationary pressures endure and the \$75,000 threshold remains unchanged, the number of employees on this report will continue to grow.

This year's report also isolates the remuneration paid related to the fires in 2023. \$932,403 was paid for overtime spent dealing with the emergency operations and this amount was recovered from the Provincial Government under the Emergency Management BC guidelines.

CONCLUSION

The Statement of Financial Information report is based on information that is contained within the Audited Annual Financial Statements but dives deeper into the payment details of the municipality. This provides another layer of transparency to the public as well as comparative and statistical reporting to the Province.

REVIEWED BY

Warren Everton, Director of Finance / CFO

Trevor Seibel, Deputy CAO

APPROVED FOR THE AGENDA BY

Name, CAO

Powerpoint: Yes No

Attachments:

2023 DRAFT Statements of Financial Information